THE BIMETALLIST.

1901 Series: No. 1.

THE DEMAND FOR GOLD.

We have on previous occasions drawn attention to the probable inadequacy of the supplies of gold, even when the South African mines resume full working, to meet the demands which are certain to be made, and there are increasing evidences that our anticipations will be fully verified. In our present issue we give some comments from the *Statist*, on the remarkable absorption of the currency in the United States last year, to which we have already called attention. According to our contemporary: "The rapidity with which currency has been absorbed in the United States within the past year is rather phenomenal. The monthly statement of circulation for January 1 showed an increase of $193,000,000 (£38,500,000) during the year 1900. The amount of about $83,000,000 (£16,600,000) of this increase has been in gold, while $90,000,000 (£18,000,000) has been in national bank-notes. These are almost the only sources of increase available under existing law, except for the shifting of money back and forth between the Treasury and the general circulation. The increase in bank-note circulation will be substantially arrested by the termination of the refunding operations. Nothing will then remain but gold, or gold certificates, for swelling the volume of American currency, if increase is needed."

As to the probable need there can be no doubt. The immense development of trade in the United States proceeds apace, and we have also the testimony of members of the Committee on Banking of the House of Representatives that it is imperative that further large supplies of currency shall be provided to meet the demands of the people. The *Statist* draws attention to the fact that in 1900 America was not only able to avoid taking gold from Europe, but to furnish Europe with capital, and to invest on a considerable scale, because of the extraordinary increase that went on in the bank-note circulation and the gold certificates, and it points out the danger to European money markets, of the United States in future drawing gold from Great Britain and the continent in respect of the very large credits which it is well known she possesses in Europe.

The American is, of course, only one section of the demand for gold, and if the United States in a single year can absorb, in circulation, £38,500,000 of gold and "gold instruments," and still cry for more, it is evident that the supply, even when supplemented by the Transvaal output, will be insufficient to meet the world's needs, and that gold must be supplemented by silver, in order that industry and commerce may not suffer.

THE DEATH OF H.M. QUEEN VICTORIA.

MESSAGE FROM THE FRENCH BIMETALLIC LEAGUE.

On the day the news of the lamented death of Her Gracious Majesty the late Queen Victoria reached Paris, the following telegram was received by the Bimetallic League, Manchester:

"The French Bimetallic League shares the grievous sorrow which has struck England, and addresses its sympathetic condolences to English Bimetallists."

To this message the following acknowledgment was sent:

"The British Bimetallic League has received with profound gratitude the touching sympathy of the French Bimetallic League in the deep sorrow which has befallen them and their compatriots through the death of their much loved Queen.

"The ties which have hitherto bound together French and British Bimetallists are drawn closer by this fraternal sympathy."

DEATH OF MR. T. E. POWELL.

BIMETALLISTS everywhere will grieve deeply at the lamented death, at a comparatively early age, of Mr. T. E. Powell, of London, who for a number of years had been one of the ablest advocates of the cause of International Bimetallism. On several occasions he took part in public meetings held under the auspices of the League, but it was as a writer that he was best known to the public. In several pamphlets and in numerous letters to the daily and weekly Press his brilliancy of style and "merciless logic" were ever present, and he was recognised alike by friend and foe as one of the ablest and most formidable controversialists on the Monetary Question; his best known work, "The Law of Bimetallism," has run through several editions, and ranks as a text-book.

Till the last, Mr. Powell was a keen supporter of the cause to which he had rendered such great service. "Impregnated" as he was with a sense of the necessity and justice of the re-establishment of a Par of Exchange between gold and silver moneys, in the interest of industry and commerce, he was always confident of ultimate triumph, and was looking forward to the termination of the South African war as an occasion when action could be resumed to promote an International Agreement on the Monetary Question. Unfortunately his personal help will now no longer be available, but his writings remain as a valuable aid to those who have to carry on the struggle, as well as a reminder of his genius.

THE MONETARY OUTLOOK IN THE UNITED STATES.

THE question of most interest at the moment, perhaps, is, What will the American people do with the immense capital that they have accumulated, and now have at their disposal? Unless something entirely unforeseen happens, the prosperity that has been strengthened by four such prosperous years must continue for a long time to come. And as the American people have bought back so very large a proportion of their own securities, the new capital accumulated cannot be fully employed in the same way in the future. Moreover, while the Dingley Tariff continues, it is improbable that the purchases of commodities from abroad will be on anything like such a scale as would materially lessen the trade balance in favour of the United States. And, lastly, it is difficult to believe that the United States will be able to employ advantageously the whole of its new savings in foreign investments. Therefore the reasonable probability is that we are about to witness a great outburst of new enterprise in the United States. Industrial companies will be created, new industries will be founded, new railways, or continuations and branches of existing railways, will be constructed, and thus there will be a vast outflow of capital at home; while it is not improbable that the new colonies may be developed on a larger scale than hitherto. If the United States spends immense sums at home, and does not buy commodities on a great scale, and does not, likewise, invest in foreign securities on an equivalent scale, it is obvious that the more the trade balance turns in favour of the United States the greater will be its ability to take gold from Europe. Therefore, the likelihood is that money rates will rule high in Europe, because there will always be the danger that American capital may be withdrawn not only from London, but also from Germany. During the past year America was able not only to avoid taking gold from Europe, but to furnish Europe with capital and to invest on a considerable scale, because of the extraordinary increase that went on in the bank-note circulation and the gold certificates. During the crisis that preceded the first election of Mr. McKinley, the issuing of gold certificates was suspended. But of late Mr. Gage wisely decided to resume their issue; and the gold raised at home and received from abroad enabled him in the past year to issue about 17½ millions sterling in gold certificates, while the increase in the bank-note circulation exceeded 16 millions sterling; so that in round figures the new issues of gold certificates and bank-notes amounted to about 34 millions sterling, and so maintained that ease in the Money market which enabled the development to go on at the rate we have witnessed, and also permitted of the extraordinary rise in American securities. There will, of course, be fresh issues of gold certificates in the New Year. For the gold production on the American continent is very large. But will the bank-note circulation also be augmented on anything like such a scale as will enable the United States to dispense with the calling home of gold? It is a matter of general congratulation that Mr. Gage has consented to retain the Secretaryship of the Treasury for a further period. The four years during which he has held the office have proved him to be a man of singular ability; and he will no doubt do everything requisite to prevent any serious stringency. But the existing Congress will come to an end at noon on March 4, and it is highly unlikely that anything can be done to amend the banking laws in the short intervening period. Of course it is possible to call a new Congress together in special session, but it is not probable. And if there is not a summons of Congress it will not meet until December. Therefore it looks at present as if there would be no new legislation in the year upon which we have just entered; and consequently it will be well for all who are engaged in the Money market to watch closely the course of events in the United States.—*Statist.*

A comprehensive financial policy will be necessary to prevent stringency in the U.S. Money market during the coming year. The

Secretary of the Treasury has formulated such a policy in part, and has already carried out some features of it. The suspension of the refunding of the old bonds into the new Gold Two per Cents. is one of the features which has been actually carried out. The fact was announced in November that no more bonds would be exchanged after December 31. The books have been nearly closed upon these exchanges, and the amount is about $445,500,000 (£88,000,000). The new Gold Two per Cent. bonds which have been issued to this amount have been as high in price as 107, or 7 per cent. above par. The reason for this unusual price of a 2 per cent. security is the fact that it affords the most profitable basis of bank-note circulation. The banks hold about $375,000,000 of the new bonds, and the remainder will largely drift into their hands in the course of a few months. The special advantage of the new bonds to the banks is the fact that circulation secured by such bonds is taxed only one-half of 1 per cent., while portions of the circulation secured by other bonds are taxed 1 per cent. This makes the Two per Cent. bonds as valuable to the banks in relation to the old bonds as if their rate were 2½ per cent. This advantage discounted over a series of years accounts for the premium in the market quotations. The new bonds could rise above 115 and still be as profitable for banking purposes as the long-term Four per Cents. at recent quotations. . . The rapidity with which currency has been absorbed in the United States within the past year is rather phenomenal. The monthly statement of circulation for January 1 showed an increase of $193,000,000 (£38,500,000) during the year 1900. The amount of about $83,000,000 of this increase has been in gold, while $90,000,000 has been in national bank-notes. These are almost the only sources of increase available under existing law, except for the shifting of money back and forth between the Treasury and the general circulation. The increase in bank-note circulation will be substantially arrested by the termination of the refunding operations. Nothing will then remain but gold, or gold certificates, for swelling the volume of American currency, if increase is needed. The project of giving more flexibility to the bank-note currency is still being earnestly pushed by the Executive Committee of the Indianapolis Monetary Convention, which was instrumental in securing the passage of the gold standard law, and some action is probable in the next Congress. A bill has already been introduced in the present Congress, by Representative Lovering, of Massachusetts, proposing to allow banks to issue notes secured by a small guarantee fund in the Treasury—this beyond from their general assets—providing that they have certain proportions of bond-secured currency. The ratio of the new notes to the bond-secured currency is to be increased after three years, and still further increased after six years. Some measure of this kind is likely to prove an entering wedge for legislation in the new Congress if definite action is not secured this winter.—*Statist.*

GREAT BRITAIN'S EXPORTS IN 1900 COMPARED IN QUANTITY AND VALUE WITH 1899.

THE following extracts from a valuable article in the *Economist* on the above subject are especially interesting:

"The detailed examination of the imports into the United Kingdom during the year 1900, given in our last issue, showed that the whole of the large excess in value, amounting to £39,000,000, was due to the higher prices paid for the goods we received, the actual bulk being rather less than in the year 1899.

"A similar analysis of the exports of British produce and manufacture shows that although we have exported a smaller volume of merchandise equivalent to £10,000,000, calculated after prices ruling in 1899, the higher prices obtained accounted for £37,000,000, together making the recorded increase of £27,000,000.

"The results for each of the past three years for the British exports stand thus:

	1900.	1899.	1898.
	£	£	£
Actual value ..	(*b*) 291,451,306	255,465,455	233,390,792
Value calculated at prices of previous year	(*c*) 254,581,000	239,613,000	233,899,000
Variation from price..........	(*e*) + 36,870,000	+ 15,851,000	– 508,000
Variation from quantity......	(*d*) – 9,911,000	+ 6,255,000	– 321,000
Actual difference in value	(*f*) + 26,959,095	+ 22,106,215	– 828,916

"In the re-exports of foreign goods the decline in bulk is represented by £6,000,000, lessened by £4,000,000 owing to increased prices, or a net decrease of £2,000,000.

. . . .

"Considerably more than half the increase in the British exports is due to the one article of coal, an increased quantity of 3,000,000 tons, represented by £1,600,000, having been exported, accompanied by a rise in price of £14,000,000, together making £15,500.000 out of the total increase of £27,000,000. There has been a failing off in the quantity of cotton manufactures equivalent to £3,000,000, but the higher price accounted for £5,500,000, thus making a net increase of £2,500,000, while woollen manufactures have increased both in quantity and in value.

. . . .

"Reviewing the figures, it appears:—

"1. That the declared value of the whole external trade of the United Kingdom for 1900 exceeded that of its predecessor by £63,500,000, being the difference between a decrease in bulk to the estimated value of £16,500,000 and an increase in price of £80,000,000.

"2. Of the gross imports, food to the value of £225,000,000 showed an increased volume of £3,000,000 and enhanced price of £7,000,000; while raw materials and manufactured goods valued at £299,000,000 declined in quantity £3,500,000, and advanced in price by £32,000,000.

"3. Of the British exports, amounting to £291,000,000, the recorded increase of £27,000,000 is really an increase of £37,000,000

from higher prices, and a decrease of quantity estimated at £10,000,000. Textile manufactures are £7,000,000 less in bulk, and £11,000,000 more in price. Minerals and metals have advanced £27,000,000 in price, with a decline of £4,500,000 in quantity.

"4. In the re-exports two-thirds of the fall of £6,000,000 in quantity, and one-half of the recovery of £4,000,000 in price, is due to raw cotton and wool."

The following comments of the *Statist* on the trade of last year, and on the effect of prices on values, will also be found interesting:

"Our imports for 1900 reached the colossal value of £523,633,000, as against £485,035,000 in 1899 and £470,544,000 in 1898. In two years, therefore, the imports of this country have increased no less than £53,000,000 or 11·3 per cent. Allowing for re-exports of £63,000,000 in 1900, against £65,000,000 in 1899 and £61,000,000 in 1898, our net imports were £461,000,000 in 1900, against £420,000,000 in 1899 and £409,000,000 in 1898. The net increase in two years was thus £52,000,000, or 13 per cent. Excluding new ships, our exports for the past twelve months have been worth £282,843,000, against £255,296,000 in 1899 and £233,359,000 in 1898, an increase in two years of £49,484,000, or 21·2 per cent. Thus the percentage increase in the value of our exports has been very much greater than that the proportionate growth in our imports. The excess of imports over exports has shown only a slight expansion for the two years, having been £178,000,000 in the past year, against £165,000,000 in 1899 and £176,000.000 in 1898. This balance of imports over exports has, however, been the largest ever witnessed. Further, we have to bear in mind that the Government has been obliged to purchase in America, in Argentina, and elsewhere, food, horses, waggons, &c., for the army in South Africa, that these shipments were made direct to the seat of war, and that the total trade balance, which we have had to meet out of our interest, profits, freight, &c., received from our foreign securities, has been much larger than £178,000.000. How enormous have been both our imports and exports for the past year will be seen from the following contrast of the annual value of our trade since 1886:

Our Total Trade in Millions of Pounds.

		Imports £	Less Re-exports £	Net imports £	Exports £	Excess of Imports over exports. £
1900	Outflow of capital stopped.	524	63	461	283*	178
1899		485	65	420	255	165
1898		470	61	409	233	176
1897		451	60	391	234	157
1896		442	56	386	240	146
1895		417	60	357	226	131
1894		408	58	340	216	134
1893		405	59	346	218	128
1892		424	64	350	227	133
1891		435	62	373	247	126
1890	Large outflow of capital.	421	65	356	26[illegible]	93
1889		428	67	361	249	112
1888		388	64	324	235	89
1887		362	59	303	222	81
1886		350	56	294	213	81

* Including our exports of new ships, our exports would be £291,451,000 in 1900, against £264,492,000 in 1889; and the balance of our imports over our exports would be £169,000,000 in 1900, against £156,000,000 in 1899.

"In the following table we show the net balances of merchandise imports over exports, and the balance of gold and silver imports and exports.

	Balance of Merchandise Imports over Exports. £	Balance of Silver Exports over Imports £	Balance of Gold Imports over Exports £	Net Balance, Imports over Exports. £
1900... ...	178	—	8	186
1899... ...	165	1*	11	174
1898... ...	176	1*	7	182
1897... ...	157	1*	Nil	156
1896... ...	146	1*	*6**	139
1895... ...	131	—	15	146
1894.. ...	134	1*	12	145
1893... ...	128	2*	5	131
1892... ...	133	3*	7	137
1891... ...	126	4*	6	128
1890... ...	93	—	9	102
1889... ...	112	1*	3	114
1888... ...	89	1*	1	89
1887... ...	81	—	1	82
1886... ...	81	—	*1**	80

*Export on balance.

. . . .

"To show, how greatly our foreign trade has increased in value compared with 1898; to what extent the higher prices have contributed to the increased value; and, the effect of the increased or decreased quantities sold or purchased, we have prepared the calculations given above. Our analyses show that of the increase of £49,000,000 in the value of our exports of 1900 over 1898, no less than £47,000,000 has been caused by higher prices, and only £2,400,000 by the increased quantities sold. We have, in fact, sold only 1 per cent. more produce in 1900 than in 1898, but we have secured 20 per cent. higher prices. The most noteworthy expansion has, of course, been in coal. Here we have sold 26 per cent. more in quantity, and for the larger quantity we have received a price nearly 69 per cent. greater than that current in 1898. Hence the total value of our coal exports has increased nearly 113 per cent. in two years. If we reckon railway freights, royalties, wages, &c., as portions of the profit from mining, we have made over £20,000,000 more profit on coal in the past year than we did in 1898. Our iron and steel trade has also been very profitable, for we have sold over 9 per cent. more in quantity, and have received a price 29 per cent. higher. Thus the increase in the value of our iron and steel shipments has been over 41 per cent. Of this amount, a portion has, of course, gone to coal-owners to pay for the dearer fuel consumed. We have sold 3½ per cent. less cotton piece-goods, but as we have received a price 13 per cent. higher than in 1898, we have actually obtained over 9 per cent. more money for the reduced shipments. This increased value has, however, been entirely due to the high price of the raw material. Hence the growth in the value of cotton piece-goods does not indicate any increased profit to the country."

GOLD PRODUCTION IN 1900.

A DETAILED estimate of the production of gold last year throughout the world has been prepared by the New York *Engineering and Mining Journal*. The result shows a total yield of £52,661,700, against £64,402,770 in 1899, the falling off last year being £11,741,070. The

production of South Africa in 1900 is put down at £1,405,553, against £14,981,827 in 1899. The reduction there is consequently £13,576,274. According to these figures, therefore, the increase in other directions last year was £1,835,204. In the United States the increase is estimated at £1,758,261, in Canada at £1,016,400, and in India at £202,000. On the other hand, moderate or small reductions are shown in the outturn of Mexico, Colombia, British and French Guiana, and China. The deficit in the Australasian supply is estimated at £702,000, and in that of Russia at £190,000. In ounces the total production is stated to have been 12,406,554 in 1900, and 15,173,633 in 1899. These figures, though founded doubtless on the best available data, are subject to correction when authoritative returns, as far as these may be obtainable, are published.—*Manchester Guardian.*

In the course of an article commenting on the annual review of the money markets in the *Moniteur des Intérêts Matériels*, the *Manchester Guardian* writes:

"In illustration of the influence which even the isolated bimetallism of France has had in securing relatively stable and cheap discount for that country M. de Laveleye presents the following comparison of the average rate for the past ten years in the three principal monetary centres of Europe:

	Per Cent.
Paris	2.63
London	2.98
Berlin	3.93

The Paris rate is at present 3 per cent., and it is admitted that the position of the Bank of France would justify a reduction to 2½ per cent. The London and Berlin bank rates are 5 per cent. respectively."

INCREASE OF THE FIDUCIARY NOTE ISSUE IN GERMANY.

On New Year's Day the new Act prolonging the charter of the Imperial Bank of Germany comes into force. It will be recollected that the Imperial Bank of Germany has at the present moment an authorised circulation of about 14½ millions sterling, that it can issue notes beyond that to the extent of all the gold it holds, and that in addition it can issue notes beyond the authorised circulation and the gold held, provided it pays a duty to the Government of 5 per cent. The Agrarian party in particular, and many of the business community, argued for a long time that the duty of 5 per cent. was too heavy, that, in fact, it compelled the Bank to charge such rates to borrowers as practically made trade unprofitable. And, therefore, they clamoured for a great increase in the authorised circulation. They also demanded that the Government should buy out the shareholders, and that the Bank should be made a purely Government institution. The Government, however, set itself decidedly against the latter demand. It refused to buy out the shareholders, and it succeeded. But it will be borne in mind that the Bank is managed by Government officials taken from the Civil Service, and that the Governor of the Bank is himself a distinguished Civil servant. Furthermore, he works under the control of the Chancellor. To all intents and purposes, then, the Bank is a State institution, though its capital is owned by private shareholders. But though the Government refused to get rid of the shareholders, it yielded to the demand respecting the authorised circulation, which it has increased in round figures by 8 millions sterling.

Henceforward the authorised circulation of the Imperial Bank of Germany will be 450 million marks, or 22½ millions sterling. This, as already said, is an increase of about 8 millions sterling, and it would seem to follow that the Government will lose pecuniarily by the new arrangement. For hitherto, when the market became stringent, the Bank issued largely beyond the authorised circulation and the gold held, and it had to pay a duty of 5 per cent. upon the excess to the Government. Henceforward it will be able to issue 8 millions sterling of notes in excess of what heretofore was the authorised circulation, and also of the gold held, without paying a penny to the Government. To the extent, then, of 8 millions sterling, it would look as if the Government will lose. But the Government has taken very good care that it shall not suffer loss. For it provides that if the Bank declares a dividend to its shareholders of 3½ per cent. it must set aside to reserve 20 per cent. of the profit remaining until the total reserve reaches 3 millions sterling; and the remainder of the profit is to be divided between the Government and the shareholders, in the proportion of three parts to the Government and only one part to the shareholders. It will be seen that from a pecuniary point of view the Government has by no means made a bad bargain under the new law. Furthermore, the Government has protected its own interests and those of the Imperial Bank by taking many precautions against the Imperial Bank being underbid by the other note-issuing banks. The Government was wise enough to recognise that it could not control the banks which issue no notes. But the banks which do issue notes are subject to the supervision of a Government commissary, and therefore they can be held in check.—*Statist.*

THE INDIAN COTTON TRADE.

The great cotton industry, which has always claimed the most attention, continues to be in a bad way. To the existing difficulties such as plague, famine, the keen competition offered by China and Japan, and the depressed state of the yarn market, were added the abnormally high price of cotton and the troubles in China. These last caused an unprecedented depression

in the consuming markets, so much so that at certain times the prices of yarn could not be ascertained, they being only nominal owing to the entire absence of business. There was an unusually large stock of yarn, estimated at about two hundred thousand bales, mostly unsold, during the earlier part of the year. It remained uncleared for a considerable length of time, and kept the markets more or less glutted. Thus the absurdly low price of yarn, and the abnormally high rates that had to be paid for the raw material, placed the mills in a parlous position. There was no hope of any profit left, and the working of most of them resulted in heavy losses. This necessitated the closing of over thirty mills in the city, whilst some of the others had to be content with working short time. The balance-sheets for the past half year will be in most cases unpleasant reading; but though the condition of the industry was precarious during almost the whole of the past year, the future promises to be more satisfactory. The Indian cotton crop, owing to timely and seasonable rains, is—with the exception of Kathiawar and part of Guzerat districts—a good one, and of fair quality. The stocks of yarn in China are being gradually reduced, and now amount to about 73,000 bales, of which 23,000 are sold but uncleared. The prices have also somewhat improved. The Chinese troubles will be a blessing in disguise if they are the means of opening up new markets in the interior. Again, the whole of South Africa, when put in order, will present a large field for Indian enterprise. Now that the prospects of the industry have somewhat improved, some of the mills that were closed have resumed work, whilst some of the others that were already working have sold their yarn forward at fairly remunerative prices. These belong to the well-to-do class of mills. Their financial position is sound. They spun higher counts to minimise their losses during the year, and have somehow managed to tide over the existing difficulties. They are doing fairly well now and are expected to do better. Most of the weaving mills have had a good time of it, and have done well. However this may be, many of the mills will have to adopt quite a different system from that hitherto followed to keep pace with the times. They will sooner or later have to depart from the old and stereotyped ways and to equip their mills so as to produce higher and finer counts with the view to manufacture their own goods, and thus reduce the import of foreign piece-goods.—*Times of India.*

THE NATIVES OF INDIA AND A GOLD CURRENCY.

Lord Curzon's remarks on the Indian currency question are interesting, as showing the efforts that are being made to introduce gold as a circulating medium into that country. They also indicate to some extent the difficulties that stand in the way. It is no new thing to say that the natives do not want gold; that they know and understand the rupee, and that they do not understand the sovereign. The difficulty is to impress upon people interested in gold production and gold circulation the fact that sovereigns cannot be forced upon people who do not require or wish for them. Low wages, an insufficient European population, and, most of all, native sentiment, at present form an almost insurmountable barrier to the free circulation of gold.—*Daily Telegraph.*

THE INDIAN TEA TRADE.

I have had occasion more than once to refer in some of my recent letters to the condition of the tea industry and the low prices at present ruling for tea shares. When war broke out in China it was fondly hoped by many that the stoppage of the export of tea from that country, which was bound to ensue, would soon result in a brisker demand for Indian teas, and give a fresh impetus to a section of our export trade which seemed to be going steadily from bad to worse. So far, I am sorry to say, these hopes have not been realised; but, on the contrary, the outlook in tea to-day seems, if anything, worse than ever. The last two public sales have been very disappointing indeed; prices are lower than they have ever been known before, and last Friday fully 25 per cent. of the teas offered had to be withdrawn for the want of reasonable offers.

. . . .

Many of our large tea-agency firms take a very gloomy view of the situation, and the natural outcome of it is to put an entire stoppage to any further extensions, and reduce expenditure to the lowest possible point. Consequently, in many cases the services of old and experienced managers are being dispensed with, and their places filled with younger and cheaper, but much less experienced, men. In the meantime, this will show a reduction in the general expenditure, and may assist in keeping clamorous shareholders quiet for a little; but it remains to be seen how such a system will work, and whether in the long run it is not false economy after all. To manage a tea garden successfully requires considerable experience, and it is very doubtful whether this is the proper way in which to apply the knife. In the meantime, any little life that had begun to show in tea shares has completely disappeared, and it is now next to impossible to get a bid of any description for many of even our dividend-paying tea stocks.—"*Financial News*" *Calcutta correspondent.*

THE WORKING OF INDIA'S GOLD SYSTEM.

Nobody who approximately understands monetary influences will doubt that the currency position in India deserves careful attention. We therefore quote the following from *Capital*, a Calcutta paper, of December 20, as an expression of the position:

"We hear that the Government of India are greatly exercised in mind by the threatened renewal of gold imports, and are making efforts to obtain estimates of the amount likely to arrive within the next few months. This anxiety on their part is another proof of the unsuitability of our present currency arrangements. The most detailed knowledge of the actual trade of the country combined with the most profound science in all the principles of money and circulation will not enable any man or set of men to foretell what additions should be made to the currency of India in any given month, quarter, or year, and the Government of India should not allow itself to be placed in a position which will admit of any risk of failure on its part to meet the demand for rupees for gold. All that it need do is to follow the advice of the Bengal Chamber of Commerce, and make a point of maintaining about twelve crores of rupees (120,000,000) in the paper currency reserve. When once the rupee portion of the reserve has been raised to this limit there will be no more tightness in the Indian money markets, because under the Indian Gold Note Act the exchange banks will be able to obtain promptly all the rupees they require against deposits of gold in London. Nor need the Government of India fear any difficulty in maintaining the gold portion of the reserve at or about the limit of £5,000,000 mentioned in the Secretary of State's despatch of March 1 last, and the rupee portion at or about the limit of twelve crores, if they will extend the provisions of the Gold Note Act to the ports in Australia where there are branches of the London Mint—viz., Melbourne, Sydney, and Perth. All the Government of India need do is to put the Gold Note Act in operation in London and at these ports whenever the rupee portion of the reserve falls below twelve crores, and to stop operations under the Gold Note Act when the rupee portion is above twelve crores, the telegraphic transfers under the Act to be issued at 1s. 4 1-32d. as long as gold can be transmitted on the present cheap terms by parcel post, and raised to 1s. 4 3-32d. when these terms are raised to ordinary freight rates. No bank will ship gold to India if it can obtain telegraphic transfers or bills on the India paper currency reserve at equal rates in the case of transfer and 1-32d. per rupee less in the case of bills; and the gold received from the banks can be employed in Australia and London in the purchase of silver for coinage in India in order to replace the rupees disbursed in payment of these transfers or bills."—*Manchester Guardian.*

The scarcity of rupees is already beginning to be felt again this year. Only the other day one of the banks despatched about two lakhs of rupees' worth of sovereigns to one of its largest up-country branches, and on the gold being tendered at the Government Treasury for exchange into rupees, the Treasury officer was unable to do it. This is a state of affairs that is most unfortunate, and terribly detrimental to the trade of the country. In spite of Government steadily coining rupees, they seem to disappear almost immediately they go into circulation. The shipments of sovereigns to India have for some time past been on a comparatively small scale; but now that exchange is up to 1s. 4d. again, it is once more possible to lay down sovereigns from Australia at a profit, and I hear that already considerable shipments are on the way. This is unfortunate, and practically amounts to carting coals to Newcastle, as the gold is absolutely useless here, and has simply to be locked up until such time as Government require to send it home for further silver purchases. Another addition to the scope of the Gold Note Act seems the best way out of the difficulty, and were Government to make it possible for banks to deposit gold with the mint in Melbourne against rupees here, the double shipping charges from Australia to India and from India to London would be saved, and the gold in Australia might be utilised there to buy Australian silver with, as it is an open secret that Government must continue to make very considerable silver purchases so long as this demand for rupees continues. That they must do so is perfectly evident from the fact that their total reserve of silver coin is at present only just Rs.5,00,00,000 against a note circulation of Rs.28,00,00,000.

An idea was prevalent at one time that, once the famine was over, rupees would begin to flow back to the Presidency towns in large amounts; but there is no sign whatever of this, nor can there by any such movement until the ryots have realised their crops and begun to lay in fresh supplies of piece goods. When next rains are well assured this may be so; but nothing of this sort is likely to happen before then. In the meantime it is particularly worthy of notice that the exports of piece goods from Howrah Railway Station to the North-West Provinces have fallen off to the extent of 10,000 cases during the last two months—which shows how little buying power the land cultivators are capable of yet. The total Government balances at the end of November have fallen to Rs.8,79,00,000, and comparatively little revenue is expected before January.—*Calcutta correspondent of "Financial News."*

The bitter cry for more rupees has this week received an impetus from the sudden transformation in the monetary position which has—almost over night as it were—changed from considerable ease to extreme stringency. Monetary stringency is not necessarily caused by absence of rupees, but the fear that rupees may not be available when required is a very large factor in creating such a condition in the money market as obtains at present. It is not that the bank rate is high—quite the contrary, for a 7 per cent. rate must be considered moderate both for India and the time of year, but that there is the greatest difficulty in obtaining the requisite accommodation for immediate necessities. The two chief ways of meeting the present squeeze are (a) by large purchases of Council wire, (b) by

imports of gold. Under (a) it is only necessary to remark that with the present condition of the Government's cash balances it is hardly likely that they will be able—however willing they may be and however much it may be their policy—to meet the market, and it must also not be forgotten that unless they are able to sell wire transfers at a moderate rate above demand drafts the difference constitutes a tax on the trade of the country which will be resisted except in cases of the extremest urgency. To illustrate this point. Last week the difference between wire transfers and Demand Bills was 1-16th of a penny, which on a rough calculation is equivalent to a charge of interest of 10 per cent. per annum. To add to the perplexity and uncertainty of the situation there is no clue as to the rate at which rupees could be obtained against deposits of gold in London under the Gold Note Act, as Government have reserved to themselves the right to fix the rate acording to the exigencies of the moment. Owing to these causes it is not very likely that very much relief will be obtained by means of (a) Taking the other alternative, doubtless gold will come, and indeed there is some in transit already from London and Australia, but this means of relief involves considerable delay, and is therefore of no practical use where accommodation is required for urgent purposes. And it has the defect from the Government's point of view that it will, as shown above, in all probability have to be shipped back again at the expense of Government. It appears, therefore, that the Government is really master of the situation having not only the ability—by free sales of Council wire—to afford relief to the money market, but also to prevent a further influx of gold. As to what amount of Council wire would be necessary weekly to effect this object in view of the approaching seasons of heavy produce shipments from Bombay and Burmah it is not easy to ascertain, but the figure given in my letter of last week, viz., 60 lakhs, would probably prove adequate.—*Calcutta correspondent of "Pioneer Mail."*

The following correspondence has passed this week between the Exchange Banks and the Government of India. The managers of the Exchange Banks wrote: "We as managers of the Exchange Banks in Calcutta, have for some time past followed with close attention the weekly returns issued by the Paper Currency Department showing the reserves in coin and bullion against note issue, and an examination of the recent statement forces us to the conclusion that the amount now held in reserve is totally inadequate to the requirements of the country. The comparatively large additions made to the currency during the present year by the purchase of silver have been steadily absorbed by the public, as is seen in the fact that the reserves in coin and bullion are at the present time less than they were a year ago before any purchases of silver had been made. This state of affairs is sufficient to demonstrate that further additions to the currency are required if the amount now in reserve is to be preserved from extinction. But the matter becomes of pressing importance in view of the large crops shortly to be moved, and the consequent demand for silver to finance them. The cotton and other crops in Bombay and the rice crop in Burma will necessitate the employment of a very large amount of silver, to say nothing of the needs of other parts of the country, and we feel compelled to impress upon Government the danger that exists in depending on the present stock of silver to meet the demands arising out of these requirements. We are unanimously of opinion that steps should be taken to raise the stock of silver held in India to a considerable extent, our idea of a minimum amount being about ten crores, and in giving this opinion we desire to impress on the Government the imperative necessity of immediate action in this direction, as we fear that any delay might lead to disastrous consequences."

Mr. Finlay, Secretary to the Finance Department, in replying, said: "I am in the first place to convey the thanks of the Government of India for your communication, and to say that His Excellency the Governor-General in Council will always be glad to receive an expression of views of the Exchange Banks on so important a question as the adequacy or otherwise of the currency to meet the demands of the trade of the country. The Government of India, I am to say, are fully impressed with the great importance of the questions dealt with in your representation, and their present policy is to endeavour to arrive at and maintain in the currency reserve a sufficient sum in coined rupees to meet all requirements. With this object in view the Government is actually making every effort which physical circumstances permit to increase the stock of rupees up to a desirable limit. Both the Calcutta and Bombay Mints are now occupied in the coinage of rupees, and enough of silver has already been purchased to keep them employed till the end of January next, and the Government of India have therefore every reason to hope that the object of your representations will be properly secured."—*Pioneer Mail.*

The exchange banks in Calcutta are addressing the Government of India regarding the shortage of rupees. They point out that with a big rice crop in Burma, and an exceptionally large cotton crop in India to be shortly financed, the reserve of rupees has fallen so low that the position is likely to be a serious one. They urge large purchases of silver, so that the coining of rupees may proceed uninterruptedly, and at as rapid a rate as possible. The fact seems to be there has been no return of rupees from the famine districts as the Government expected, the large sums expended in relief having been absorbed by the people. We may also note that 800,000 sovereigns are due to reach India next week from London, but the Government cannot possibly give rupees in exchange for these.

They will probably be taken over and shipped back to England to meet the Secretary of State's drawings. There is a considerable quantity of silver also on the high seas consigned to the Government by the Secretary of State for coinage into rupees. It is perhaps a fortunate circumstance that the Christmas holidays have begun, when business is suspended, but the Burma rice crop will be coming into the market early next month, and it must be financed somehow. The revenue collections are great during January in certain provinces of India, and the local treasuries, now almost depleted, will soon be filling up again. As showing the scarcity of rupees up-country we may state that the Bank of Bengal is charging at the rate of 1 per cent. for encashment of currency notes. — *Pioneer Mail.*

The publication of the Government's answer to the letter of the Exchange Banks has attracted unusual attention, and although the general tenour of the document is satisfactory enough, it is couched in rather general and necessarily somewhat vague terms. The Government state that their present policy is to endeavour to arrive at and maintain in the currency reserve a sufficient sum in coined rupees to meet all requirements, and with this object in view they are actually "making every effort, which physical circumstances permit, to increase the stock of rupees to a desirable limit." So far as it goes this is an eminently reasonable attitude, but unfortunately the trouble is that it does not go far enough, and the student of currency and the practical "man in the market" alike see that with a little more foresight the Government would not have found themselves confronted by those physical circumstances against which they are now battling with all their strength. Each year similar causes produce analogous effects, and yet the officials who are specially deputed to watch the operation of these causes appear to consider that it rests in their discretion to decide when the state of tension has become so acute that immediate action is called for. Apparently the official view is that there are always more gods in the machine than ever came out of it, and matters are consequently allowed to proceed on the assumption that for any given set of circumstances the appropriate god from the machine will be found, and so long as this discretionary power is vested in those who control the machinery which provides the country's currency needs, it is extremely probable that each year will witness a recurrence of the state of affairs that confronts us to-day. Perhaps, however, the experience of this year will at last make it clear that we have as at present administered a currency machinery which *automatically* gives the country the kind of currency that it does *not* require, and that the fault lies not so much in the automatic character of the machinery as in the lack of discrimination with which it is handled. The present situation may be described as a ceaseless struggle between the Finanical Department of the Government of India and a species of currency Frankenstein of their own creation, which forces superfluous sovereigns into India from London and Australia, while the financial authorities strive to counteract this action by re-exporting the surplus gold to London for the purchase of the cheaper metal which India needs. Latterly the department has been getting the better of the monster, but the busy season is at hand, and there is still a lot of lee-way to be recovered.—*Calcutta correspondent of "Pioneer Mail."*

COMMODITY PRICE BAROMETER.

By A. Sauerbeck.

The following are the average index numbers of the prices of forty-five commodities, the average of the eleven years 1867-77 being 100:

	Average.		Average.
1878-87	= 79	1892	= 68
1890-99	= 66	1893	= 68
		1894	= 63
1880	= 88	1895	= 62
1884	= 76	1896	= 61
1887	= 68	1897	= 62
1889	= 72	1898	= 64
1890	= 72	1899	= 68
1891	= 72	1900	= 75

The index number for 1900 is 10 per cent. above 1899, and is the highest since 1884. It is still 25 per cent. below the standard period, which was equivalent to the average of the twenty-five years, 1853-77. As compared with 1896—the lowest year on record—the rise amounts to 23 per cent.

The advance last year is to a great extent due to minerals, particularly coal; but even without these the average of the remaining commodities would have been 69 against 64 in 1899, or 8 per cent. higher. In fact, the average prices of most articles were higher; a few remained practically unchanged, and only wool and inferior tea ruled lower.

The monthly fluctuations were thus:

1889, Dec.	73·7	1900, April	75·6
1895, Feb.	60·0	,, May	75·5
1896, July	59·2	,, June	75·7
1897, Dec.	62·4	,, July	76·2
1898, ,, ...	63·8	,, Aug.	76·0
1899, ,, ...	72·3	,, Sept.	75·5
1900, Jan.	74·0	,, Oct.	74·7
,, Feb.	75·1	,, Nov.	73·9
,, March	75·7	,, Dec.	73·4

The index number at the end of the year was still 1½ per cent. higher than at the end of 1899. The changes in the month of December were—better prices for meat, but a break in iron prices, and a lower export value of coal.

Taking articles of food and materials separately, the index numbers compare thus (1867-77=100):—

	1878-87.	1890-99.	1895.	1896.	1899.	1900.		
	Average.	Average.	Feb.	July	Dec.	Feb.	Nov.	Dec.
Food	84	68	63·8	60·0	65·1	65·8	69·1	69·2
Materials	76	64	57·0	58·6	77·5	81.9	77·4	76·5

Articles of food are now 6 per cent. higher, materials 1½ per cent. lower, than a year ago.

The position of the six separate groups of commodities at the end of the last two years, and in comparison with former periods, is illus-

trated by the following index numbers (1867-77 = 100):

	1878-87. Av.	1890-99. Av.	1899. Dec.	1900. Dec.	Last Year Per Cent.
Vegetable food (corn. &c.)......	79	61	58·7	62·6	rise 7
Animal food (meat &butter)	95	80	78·9	87·3	,, 11
Sugar, coffee, & tea..................	76	63	53·7	50·8	fall 6
Minerals...........	73	71	98·3	102·3	rise 4
Textiles	71	56	71·2	60·6	fall 15
Sundry materials	81	66	68·8	71·5	rise 4

Corn was lower in 1899, while all other groups had risen, and the closing prices of 1900 show some improvement, principally for maize and potatoes, whilst wheat is only slightly higher. All kinds of meat advanced, particularly mutton, pork, and bacon. Sugar was higher till September, but declined afterwards in view of large crops; Brazil coffee realised better prices than in the previous year, but tea was cheaper, and the average import price of the year is the lowest on record. Pig iron was dear up to November, and touched in April 77s. 10d. per ton for Scotch, the highest price since 1874, but it closed lower than a year ago. Copper was fairly steady, while tin experienced great variations—between £112 and £152 per ton; both metals were a little higher at the end of the year than in 1899. Lead unchanged. Coal was excessively dear, and the average export value—16s. 9d. per ton, against 10s. 9d. in 1899—was only exceeded in 1873 and 1874; prices, however, have lately given way. Among textiles we have to note much higher prices for cotton, which rose from 4$\frac{15}{16}$d. per lb. for middling American to 7$\frac{3}{8}$d., the highest point in September, from which it declined again to 5$\frac{1}{2}$d. Manila hemp, which had reached the exorbitant price of £64 per ton in December, 1899 (against £17 at the end of 1897, before the American war), declined gradually to £29$\frac{1}{2}$. Fine wool suffered a fall of 45 per cent., unprecedented within so short a period, and coarse wool dropped 20 per cent. At the end of the year cotton and flax were much higher, jute was a little lower, and wool, hemp, and silk very much lower than a year ago. In the group of "sundry materials" linseed oil was very dear; palm oil, olive oil, soda, and timber were also dearer at the end, hides, petroleum, and indigo cheaper.

The average price of silver was 28$\frac{1}{4}$d. per oz., against 27 7-16d. in 1899. It stood at 27 3-16d. at the end of 1899, and remained very steady between 27$\frac{1}{4}$d. and 28d. during the first half of the year; it improved later on, and touched 30$\frac{1}{4}$d. in October, closing at 29 9-16d. per oz. in December. The index numbers were as follows (60·84d. per oz. being the parity of 15$\frac{1}{2}$ to 1 gold = 100):

Average, 1899 ...	... 45·1	End December, 1899...	44·7
,, 1900 ...	... 46·4	,, ,, 1900...	48·6

Silver was favoured by a very good Indian demand, and our exports to that dependency were greater than at any time since 1877. China took also a large quantity, but Russia received very little.

The production of gold, which reached about £63 millions in 1899, was considerably less owing to the stoppage of Transvaal mining, and remained probably under £50 millions.

The great trade activity which characterised the year 1899 continued throughout the greater part of the closing year of the century, but the result of the latter was not by far so favourable as that of its immediate predecessor. No doubt splendid profits were made in some branches, but in others there were rude disappointments. The year opened with a certain amount of gloom in this country on account of the reverses in South Africa, with a high rate of interest here and monetary stringency in Germany. The gloom was soon relieved by military successes, but the long hoped for reopening of the mines, which might have improved the monetary position, had to be postponed, and is not yet in sight. Besides the South African war, we had the Indian famine and the difficulties in China, which had a more or less unfavourable influence on trade, but perhaps the worst was the high price of coal. While adding enormous amounts to the income of mine-owners and to the wages of miners, the high level of prices heavily handicapped many industries. Shipbuilding continued on a large scale, though the outturn may have been a little less than in the previous year; the engineering industries were mostly fully employed until the autumn, when the position became less satisfactory. The cotton trade was good, although hampered to some extent by great fluctuations of prices, owing to corners and the uncertainty of supplies; but the wool trade was disastrous, suffering immense losses through the unprecedented fall in prices of fine wool. The silk industry was also unfavourably affected and sustained great losses. The harvest was not quite so good as in the previous year, but farmers were to some extent compensated by slightly better prices for corn and higher prices for meat. Wages remained high, but there was a lack of employment in certain industries towards the end of the year. Prosperity continued in the United States, and this led to a great boom in American railway securities. The new issues of capital in the United Kingdom were larger than ever; a considerable portion, however, was due to Government loans.

The wave of prosperity may, as many believe, already be on the decline, but there are also points which make the outlook more hopeful. There is the splendid position of the United States, improved conditions in India, and the probability that hostilities in South Africa and China will soon come to an end. With peace restored, and the mines reopened, trade may receive a fresh and important stimulus.

INDIAN CURRENCY ACT No. VIII. OF 1900.

With reference to the periodical returns of the reserves held in the Indian Paper Currency Department, it may be opportune to explain the provision made in what is known as Act No. VIII. of 1900, which was

passed by the Indian Legislature on June 29 last, for the holding of silver bullion, as well as silver rupees, gold bullion, and sovereigns, as reserve against the notes issued. The Act was passed "to amend the Indian Paper Currency Act of 1882, as amended by the Indian Paper Currency Act of 1898," and it is declared that it shall remain in force for two years from the date given, at the end of which period it may of course be renewed for a further period. It provides for the holding of gold coin or bullion as a reserve, and for the issue of currency notes to an amount equal to the value of the gold so held, either in London by the Secretary of State for India or in the Currency Department in India. As regards silver bullion the clauses declare that if the Secretary of State for India shall think it expedient to expend the gold coin or bullion held by him, or any other funds at his disposal, in the purchase of silver bullion, and to transmit the same to India for currency purposes, then the silver bullion so purchased shall, until rupees are added to the currency reserve, be held as security for currency notes, and the Government of India shall, on receiving such silver bullion, give directions for coining the same into rupees as soon as convenient, and shall add to the currency reserve a number of the rupees so coined equal in value to the price of the silver bullion so purchased and transmitted as aforesaid. The silver bullion purchased, it is expressly stated, shall, until rupees coined from it are added to the reserve, take the place of the gold expended in its purchase in the currency reserve, and nothing in the Act shall be deemed to prohibit the Government of India from expending any gold coin or bullion held by it as part of the currency reserve—that is, it may be assumed, irrespective of any gold held by the Secretary of State for India in London and without consulting him in the purchase of silver bullion. It will be observed that nothing is said as to the disposal of the surplus or profit which may be made by the coining of the silver bullion. So long as it is in the form of bullion the whole of the purchase must apparently be accounted as reserve; but when coined, only such portion of the result as will be equivalent, at the coinage rate of exchange against gold, to the price paid for the whole stock of silver bullion purchased; the balance will then, apparently cease to be reserve, and in the form of rupees may seemingly be employed as revenue for the ordinary expenses of the Government.—*Manchester Guardian.*

At the half-yearly meeting of the Union Bank of London the Governor said that money rates had not been quite as favourable to bankers as those prevailing during the corresponding period of the previous year. Government borrowings and disbursements in connection with the heavy war expenditure had overshadowed all other considerations affecting the Money Market. At first sight it seemed remarkable and most satisfactory how smoothly and with what little general disturbance to the Money Market and to trade generally these operations had been effected, considering the unexpected magnitude and duration of the war, and that one of the main sources of our gold supplies had remained closed. He did not think, however, it could be denied that a considerable proportion of the money raised by our Government had been obtained from foreign sources, and, as far as our international monetary position was concerned, that proportion of our expenditure had not been paid for, but only borrowed. The constantly adverse tendency of foreign exchanges was a factor in the general situation which must not be overlooked, and the causes of which it was extremely difficult to ascertain with any degree of accuracy. Perhaps the Board of Trade returns afforded some explanation, and the reports for the past year were eminently satisfactory. The movements of capital from one country to another were most mysterious and difficult to analyse; but they were of the greatest importance. It was manifest how largely increased the power of foreign nations had lately become of drawing on our gold reserves in consequence of their investments in our Government loans, of their large purchases of bills on London in the discount market—bills which were constantly maturing—and of the growing excess of our imports over exports. It was evident that in the face of possible demands the ultimate cash reserve of the nation—the reserve in the Bank of England—had to be watched with the greatest care and attention, and that cordial and loyal co-operation on the part of all other banks and lenders of money was needed to assist the Bank of England in making their rates effective.

STATISTICS.

Mr. SAUERBECK'S INDEX NUMBERS

(To which is added the annual average price of silver in London.)

Years.	Index-number of 45 principal Commodities.	Index-number of Silver. 100=60·84d.	Annual average price of Silver in London.
			d.
1867-77	100	100	—
1874	102	95·8	58 5/16
1875	96	93·3	56¾
1876	95	86·7	52¾
1877	94	90·2	54⅞
1878	87	86·4	52 9/16
1879	83	84·2	51¼
1880	88	85·9	52¼
1881	85	85·0	51 11/16
1882	84	84·9	51⅝
1883	82	83·1	50 9/16
1884	76	83·3	50 11/16
1885	72	79·9	48⅝
1886	69	74·3	45⅜
1887	68	73·0	44⅝
1888	70	70·4	42⅞
1889	72	70·2	42 11/16
1890	72	78·4	47 11/16
1891	72	74·1	45 1/16
1892	68	65·4	39 13/16
1893	68	58·6	35⅝
1894	63	47·6	28 15/16
1895	62	49·1	29⅞
1896	61	50·5	30¾
1897	62	45·3	27 9/16
1898	64	44·3	26 15/16
1899	68	45·1	27 7/16
1900	75	46·4	28¼
Dec. 1899	73·4	48·6	29 9/16

GOLD & SILVER IMPORTS & EXPORTS.

United Kingdom.—Gold.

Year.	Imports.	Exports.	Net Imports and Exports.
	£	£	£
1870	18,806,728	10,013,521	+ 8,793,207
1871	21,618,924	20,698,275	+ 924,649
1872	18,469,442	19,748,916	— 1,279,474
1873	20,611,165	19,071,220	+ 1,539,945
1874	18,081,019	10,641,636	+ 7,439,288
1875	23,140,834	18,648,296	+ 4,492,538
1876	23,475,975	16,515,748	+ 6,960,227
1877	15,441,985	20,361,386	— 4,919,401
1878	20,871,410	14,968,507	+ 5,902,903
1879	13,368,675	17,578,818	— 4,210,143
1880	9,454,861	11,828,822	— 2,373,961
1881	9,963,006	15,498,837	— 5,535,831
1882	14,376,559	12,023,804	+ 2,352,755
1883	7,755,800	7,091,365	+ 664,435
1884	10,744,408	12,012,839	— 1,268,431
1885	12,576,561	11,930,818	+ 645,743
1886	12,950,846	13,783,706	— 832,860
1887	9,955,326	9,323,614	+ 631,712
1888	15,787,588	14,944,143	+ 843,445
1889	17,914,039	14,455,318	+ 3,458,721
1890	23,568,049	14,306,688	+ 9,261,361
1891	30,275,620	24,167,925	+ 6,107,695
1892	21,583,232	14,832,122	+ 6,751,110
1893	24,834,727	19,502,273	+ 5,332,454
1894	27,580,926	15,647,551	+11,933,375
1895	36,006,038	21,269,323	+14,736,715
1896	24,468,337	30,123,925	— 5,655,588
1897	30,808,858	30,808,571	+ 287
1898	43,721,460	36,590,050	+ 7,131,410
1899	32,533,497	21,536,052	+10,997,445
Dec.1899	1,204,323	2,549,129	— 1,344,806
1900	26,190,873	18,397,459	+ 7,793,414

Silver.

Year.	* Imports.	Exports.	Net Imports and Exports.
	£	£	£
1870	10,648,940	8,906,169	+ 1,742,771
1871	16,521,903	13,062,396	+ 3,459,507
1872	11,138,570	10,586,945	+ 551,625
1873	12,988,066	9,828,065	+ 3,160,001
1874	12,298,169	12,211,957	+ 86,212
1875	10,123,955	8,979,746	+ 1,144,209
1876	13,578,269	12,948,334	+ 629,935
1877	21,710,814	19,436,733	+ 2,274,081
1878	11,551,545	1,718,039	— 166,494
1879	10,786,863	11,006,094	— 219,231
1880	6,799,022	7,060,681	— 261,659
1881	6,901,402	7,003,982	— 102,580
1882	9,242,925	8,965,454	+ 277,471
1883	9,468,002	9,322,846	+ 145,156
1884	9,633,495	9,986,383	— 352,888
1885	9,433,605	9,852,287	— 418,682
1886	7,471,639	7,223,699	+ 247,940
1887	7,819,438	7,807,404	+ 12,034
1888	6,213,940	7,615,428	— 1,401,488
1889	9,185,400	10,666,312	— 1,480,912
1890	10,385,659	10,863,384	— 477,725
1891	9,315,598	13,060,866	— 3,745,268
1892	10,746,382	14,078,568	— 3,332,186
1893	11,913,395	13,589,745	— 1,676,350

Silver.—*continued.*

Year.	*Imports.	Exports.	Net Imports and Exports.
	£	£	£
1894	11,005,507	12,171,449	— 1,165,942
1895	10,669,682	10,367,436	+ 302,246
1896	14,329,116	15,048,134	— 719,018
1897	18,032,091	18,780,988	— 648,897
1898	14,677,799	15,623,651	— 945,852
1899	12,727,989	13,955,132	— 1,227,143
Dec.1899	1,451,107	1,355,111	— 95,996
1900	13,322,300	13,574,580	+ 252,280

A + sign signifies a net import, a — sign a net export.

.* The imports of silver do not include silver imported in ores.

IMPORTS (LESS RE - EXPORTS OF FOREIGN AND COLONIAL PRODUCE) AND EXPORTS OF BRITISH AND IRISH PRODUCE.

United Kingdom.

Year.	Imports.	Exports.	Total Trade.
	£	£	£
1870	258,763,738	199,586,322	458,350,060
1871	270,506,942	223,066,162	493,573,104
1872	296,362,137	256,257,347	552,619,484
1873	315,447,210	255,164,603	570,611,813
1874	311,990,358	239,558,121	551,548,479
1875	315,793,217	223,465,963	539,259,180
1876	319,017,305	200,639,204	519,656,509
1877	340,966,727	198,893,065	539,859,792
1878	316,135,798	192,848,914	508,984,712
1879	305,740,269	191,531,758	497,272,027
1880	347,875,545	223,060,446	570,935,991
1881	333,962,392	234,022,678	567,985,070
1882	347,826,056	241,467,162	589,293,218
1883	361,253,982	239,799,473	601,053,455
1884	327,076,228	233,025,242	560,101,470
1885	312,608,761	213,115,114	525,723,875
1886	293,629,209	212,725,200	506,354,409
1887	302,878,589	221,913,910	524,792,499
1888	323,593,114	234,534,912	558,128,026
1889	360,980,111	248,935,195	609,915,306
1890	355,970,464	263,530,585	619,501,049
1891	373,562,696	247,235,150	620,797,846
1892	359,230,769	227,077,053	586,307,822
1893	345,644,773	218,094,865	563,739,638
1894	340,539,234	216,194,239	556,733,073
1895	356,716,867	226,169,174	582,886,441
1896	385,340,870	239,922,209	625,263,079
1897	391,405,006	234,350,003	625,755,009
1898	409,984,999	233,390,792	643,375,791
1899	420,055,965	264,660,647	684,716,612
Dec.1899	41,359,442	23,611,972	64,971,414
1900	460,534,198	291,451,306	751,985,504

Note.—The value of new ships (not registered as British) was not recorded in the export figures prior to 1899.

Publications to be obtained Free on application to the Bimetallic League, 5, Cross Street, Manchester; 10, Walbrook, London, E.C.; and 50, Lower Sackville Street, Dublin.

"Misconceptions in Regard to the Bimetallic Policy of a Fixed Ratio." By Prof. H. S. Foxwell, M.A.

Deputation to the Most Noble the Marquis of Salisbury, K.G., Prime Minister; to the Right Hon. G. J. Goschen, M.P., Chancellor of the Exchequer; and to the Right Hon. A. J. Balfour, M.P., First Lord of the Treasury, Wednesday, May 11th, 1892.

Proceedings of Manchester Conference, April, 1888.

"The Joint Standard Consistent with Sound Political Economy." By Prof. J. S. Nicholson, M.A., D.Sc.

Speech in the House of Commons, June 4th, 1889. By Right Hon. Henry Chaplin, M.P.

Speech in the House of Commons, June 4th, 1889. By Samuel Smith, M.P.

Proceedings at the Annual Meeting of the Bimetallic League, January, 1893.

Proceedings at the Annual Meeting of the Bimetallic League, February, 1894.

Proceedings at the Annual Meeting of the Bimetallic League, April, 1895.

"Bimetallism, or Currency Reform." By J. H. Howell.

"The Currency Question Practically Considered." By W. E. Dorrington.

"The Silver Question in Relation to Wages." By J. C. Fielden.

Senator E. O. Wolcott's Statement in the United States Senate on the International Bimetallic Negotiations, January 17, 1898.

"Appreciation of Gold and its Probable Effects on Investments." By A. G. Ellis.

"Land and Money." Leaflet by the Right Hon. Henry Chaplin, M.P.

"The Real Cause of Agricultural Distress." Leaflet by R. Lacey Everett.

"Agriculture and the Currency." By W. E. Bear.

"The Prices of Commodities, with special reference to Trade Depression and Bimetallism. A reply to Mr. Shaw-Lefevre, M.P." By Sir William H. Houldsworth, Bart., M.P.

"Law of Bimetallism." By T. E. Powell.

"The Future of the Cotton Trade." By Sir Wm. H. Houldsworth, Bart., M.P.

Synopsis, Gold and Silver Commission. By Geo. Howell.

"What is Bimetallism?" Explanatory Leaflet (for beginners).

"The Pro's and Con's of Bimetallism." Leaflet by the Hon. Evelyn Hubbard, M.P.

Senator W. E. Chandler's Speech in the United States Senate, February 16, 1897.

Address on International Bimetallism at the London Institution. By Hon. Herbert C. Gibbs.

"The Fall in the Gold Price of Silver, and the Closing of the French Mints." By Lord Aldenham.

"How Bimetallism will Affect the Working Classes." By J. H. Howell.

"Bimetallism in Relation to Agricultural Depression." By the Right Hon. Henry Chaplin, M.P.

"A Criticism of Lord Farrer on the Monetary Standard." By Prof. H. S. Foxwell, M.A.

"A Criticism of Mr. H. D. Macleod's 'Bimetallism.'" By T. E. Powell.

"The Critical Position of British Trade with Oriental Countries." By T. H. Whitehead.

"Prices and Production." Leaflet. By Sir Guilford Molesworth, K.C.I.E.

"Twelve Reasons Why Working Men Should Support Bimetallism." Leaflet.

"Course of Average Prices of General Commodities in England." Chart. By A. Sauerbeck.

"Is it wise to Restrict Our Standard of Value to Gold Alone?" By H. S. Foster, M.P.

"British Industries and International Bimetallism." By the Right Hon. A. J. Balfour, M.P.

Speech in the House of Commons, February, 1893. By Sir H. Meysey-Thompson, Bart., M.P.

Address by Sir H. Meysey-Thompson, Bart., M.P., at the Bimetallic Conference, Manchester, 1888.

"British Industries and Eastern Competition." By R. S. Gundry

Printed by the ARGUS PRINTING COMPANY, LIMITED, Tudor Street and Temple Avenue, London, E.C.

THE BIMETALLIST.

1901 SERIES: NO. 2.

MONEY AND TRADE.

WE drew attention in our last issue to the large creation of National Bank notes in the United States during the past year—about £18,000,000. If these "gold substitutes" be added to the output of gold from the mines and to the quantity which was exported from Japan and Russia, and thus again came into use in the active money markets of the world, the total for the year will be found to be enormous, and it may be useful to consider why it is that with the great addition to the monetary volume we have not seen a continuation of the rise in the prices of commodities which set in about three years ago.

There can be no question as to the soundness of the "Quantity Theory." Apart altogether from the dicta of Economic authorities, past and present, the practical experience of facts and events well within the knowledge and observation of men of even the present generation has proved it incontestably. The increased output of the yellow metal in recent times was, for several years, counter-balanced by the extra demands upon it, not only for ordinary monetary purposes, but also in respect of the amounts practically locked away in the Treasuries or Banks by the Governments of Russia and Austria. Then the continuous and enlarging measure of the increased production began to tell, and the prices of commodities steadily advanced. Conditions of prosperity were recognised and preached on all sides, and old industries were extended and new ones launched—especially in the United States, where the progress has been to an extent which is as yet but very inadequately appreciated in this country.

Of late the rise in prices has not only been checked, but the tendency is, in many cases, downwards. This has not been due, as is so freely alleged, to the stoppage of the Transvaal mines. The output of gold from other countries last year showed an increase on previous figures, while we see that the total of the monetary "gold substitutes" created in the United States plus the amounts which came back to the active money markets from Russia and Japan was about double the largest yearly Transvaal output ever recorded.

The inference is obvious—that the demand due to the extension of industries and higher level of prices, and also for various financial purposes, has overtaken and passed the supply of gold and "gold substitutes" to which we have referred. It is difficult to see where, under present monetary laws, relief is to come from. The resumption of work by the Transvaal mines, even if they could be started to-morrow, would not bring it, for, as we have seen, the output would not fully equal the "gold substitutes" obtained under a new law and special circumstances in the United States, and by the gold from Russia and Japan. It must be remembered, too, that the relief obtained and obtainable under the new Act of Congress has been practically exhausted, while further gold must not be looked for from Russia and Japan. M. de Witte will certainly, sooner or later, offer terms which will secure fresh loans for Russia, and Japan has—notwithstanding her brand-new Gold Standard—virtually no more gold to lose.

While this is the situation as regards supply, there are evidences that on the "demand side" there are likely to be some substantial increases. Attention is again being drawn to the very inadequate amount of actual cash held by most banks as "Reserve." There is practical unanimity in the Banking world that safety requires these should be increased, and that the question is an urgent one, and under these circumstances it must be assumed that general action by the banks will soon be taken. We may also remind our readers that several eminent authorities are urging that the Government should keep a sub-

stantial "Reserve" against the deposits in the Post Office Saving Banks. These now sum up to £130,000,000, and no reserve at all is held against this amount.

Looking at all the facts, and at the outlook, it is evident that the monetary work thrown upon gold is too great, and that the bringing to its aid, on conservative lines, of silver would be in the best interests of industry, commerce, and sound finance.

THE DEATH OF H.M. QUEEN VICTORIA.

Bimetallic League.
Head Offices: 5, Cross Street,
Manchester.
24th January, 1901.

Sir,—We beg you will convey to His Majesty the King an earnest expression of the deep grief which is felt by the members of the Bimetallic League at the death of their beloved Queen, and also their heartfelt sympathy with His Majesty and the Royal Family in their bereavement and sorrow.

Your Obedient Servants,
Aldenham, President.
Robert Barclay, Chairman of Executive Council.
Henry McNiel, General Secretary.

To Sir Francis Knollys, K.C.B.,
&c., &c., Osborne.

Home Office, Whitehall,
February, 1901.

Sir,—I am commanded by the King to convey to you hereby His Majesty's thanks for the loyal and dutiful message of the members of the Bimetallic League, expressing their sympathy with His Majesty and the Royal Family on the occasion of the lamented death of Her late Majesty Queen Victoria.

I am, Sir,
Your Obedient Servant,
Chas. T. Ritchie.

Robert Barclay, Esq.,
5, Cross Street, Manchester.

BRITISH BANKING RESERVES.

A little while after the Baring collapse Lord Goschen, then Chancellor of the Exchequer, endeavoured to induce the joint-stock banks to keep independent reserves. He talked for a time of introducing a Bill. But apparently he could not get his colleagues to consent. And finally he succeeded only in persuading the London joint-stock banks to publish monthly accounts. The country banks refused to do even that little. It was hoped at the time that the monthly publication of accounts would be productive of much good. But, unfortunately, the hope has not been realised. When the time comes for making up the accounts the banks call in loans, so as to make it appear that they hold much larger amounts than they really do. And so well known is this, and so dissatisfied with the process is the City, that the practice has been nicknamed "window-dressing." At last, a couple of years ago, the more far-sighted of the directors of the banks recognised that a real effort ought to be made to induce the joint-stock banks to keep a reserve. At the time they were very much dissatisfied with the policy of the then Governor of the Bank of England. And they were anxious about the state of things in South Africa, and also about our relations with France and some other continental countries. With much trouble they at last succeeded in getting two committees appointed to consider the question. But, unfortunately, nothing was done. The committees have never reported. And, so far as the outside public is aware, they were unable to agree to anything whatsoever. It is understood that there were two suggestions put forward. The first was that the leading joint-stock banks in London should gradually and carefully accumulate a gold reserve amounting to about 10 per cent. of their deposits, which at that time would have given a reserve of nearly 35 millions sterling, and that this reserve should be held separately from that of the Bank of England. The second suggestion was that negotiations should be opened with the Bank of England, and that the joint-stock banks should offer to increase considerably their present balances with the Bank, on condition that the latter undertook to keep a very much larger reserve in the future. The latter plan would make the least possible change in present arrangements, would cost the joint-stock banks little, and would maintain harmony between them and the Bank of England. But the difficulty of inducing the banks to act together and their jealousy of the Bank of England shipwrecked the proposal.

The more energetic, resolute, and influential leaders in the movement were, it is believed, in favour of the first suggestion—the keeping of an independent gold reserve by the joint-stock banks. Some few wished that each bank should undertake to keep for itself in the future a gold reserve of a specified amount. But it was soon recognised that the banks are not provided with the means of storing and safeguarding gold. Then it was suggested that storage should be rented from the Bank of England, but that the reserve itself should continue under the control of the joint-stock banks. A third suggestion was that the Clearing-House should be reformed and that the Clearing-House Committee should accumulate and keep the gold reserve, as is done by the Clearing-House Committee in New York.

* * *

Owing to its antiquity, its close connection with the Government, and its sole right to issue notes in London, the Bank of England has a prestige far greater than that of any other institution in the country. It has proved again and again that it can stop a

crisis. And, besides, it is always wise to make the greatest use possible of what is already existing. If the joint-stock banks can be induced to put aside their rivalries and jealousies, to act together in reforming the Clearing-House, and giving its committee the adequate powers, they can undoubtedly accumulate a large gold reserve. And they can play a most important and beneficial part in case a crisis should come upon us. But if the Bank of England stood apart, it may be doubted whether the Clearing-House Committee could deal effectively with a panic. The Clearing-House Committee could, of course, issue Clearing-House Certificates, as is done in New York, and could compel the various members of the Clearing-House to accept those certificates. But the certificates would not be legal tender, and would not be receivable by anybody else. On the other hand, the Bank of England note is legal tender, is receivable by everybody, and is effectual, therefore, in stopping a panic. The difficulty, of course, is that the joint-stock banks resent the competition of the Bank of England, and are not willing, therefore, to increase its means of competing with them. They urge that they keep large balances with the Bank, that the Bank uses those balances in its own business, and thus takes away what otherwise would come to themselves. But the argument will not hold water. The joint-stock banks in London are agents for the country banks, the colonial banks, and for foreign banks, and yet they employ the balances of those banks, for which they are agents, without hesitation. Why should it be right of the London joint-stock banks to employ banking balances kept with them and wrong of the Bank of England to do the very same thing? Besides, it may well be doubted whether the banks could reduce materially the balances they keep with the Bank of England, even if the latter were willing to bear the sole cost of keeping an adequate reserve. For it is to be recollected that the balances are kept with the Bank, not out of public spirit, but simply because the Bank of England is the Clearing-House bank, and the joint-stock banks have to keep with it funds enough to meet every demand that may be made upon them in the clearing. Lastly, it is hardly necessary to point out, after so much has been said, that the balances are not gold, and therefore are not any part of the reserve.—*Statist.*

A RESERVE AGAINST SAVINGS BANKS DEPOSITS.

The Savings Banks deposits which the Government holds amounts to the enormous sum of 187¾ millions sterling. And consequently the Government is the greatest deposit banker in the Empire. Yet the Government holds not a single penny of reserve against this immense liability. The Exchequer, no doubt, keeps a balance with the Bank of England of a couple of millions, and other Government departments keep 4 or 5 millions. But these balances are not a reserve. They are not in gold, and they are not earmarked. It may be rejoined that the new deposits largely exceed the withdrawals, and that experience thus has proved that there is no need for a reserve. It is quite true that the new deposits do largely exceed the withdrawals, and probably will continue to exceed them as long as the prosperity of the country is maintained, provided the interest allowed depositors is not reduced. But suppose we were to be involved in a great war; that for a while our command of the sea was gravely imperilled; that, in consequence, the imports of food and raw materials of manufacture were seriously hindered, and that as a result trade was thrown out of gear and work became very scarce. In that case it is certain the new deposits would fall off immensely—probably would be entirely stopped for a time; while the withdrawals would be very large. How would the Government meet a general demand for withdrawals? If it were to sell Consols at such a time, when the very safety of the country was in danger and loans were being raised not by tens, but by hundreds of millions, it is clear that the price would be driven down alarmingly. It may be objected that if the hypothesis were realised it would matter little whether the Government had a reserve or not. For the reserve would be soon used up. If we really lost command of the sea, and were brought to our knees by our enemy, of course it would not matter. The country would be ruined, and all classes would suffer correspondingly. But I am contemplating here, not a complete loss of the command of the sea, but a temporary loss—a struggle which might not be terminated in our favour for a considerable time. When the French Revolutionary wars broke out the French navy was utterly disorganised. One might reasonably have expected, therefore, that France would not have been able to offer much resistance to our fleets. Yet we did not absolutely secure the command of the sea until Trafalgar, which was nearly a dozen years after the outbreak of the war. If a great European conflict were now to break out, as all the great Powers are preparing their navies for it, we should not find any of them really disorganised. Therefore, the exertion we should have to make to establish our supremacy would be of the greatest. Assuming that we won in the end, it would be of immense importance to have a Savings Banks reserve, which would enable the Government to tide over the worst period of alarm and panic without having either to sell Consols or to issue inconvertible paper. Whether the reserve should be kept in the Treasury or by the Bank of England is a detail of comparatively small importance. What is really of moment is that a reserve, and a considerable one, should always be held. The size of the reserve, again, is a detail which need not detain us. Five per cent., which would be a very small reserve, would be somewhat under 9½ millions sterling, and 10 per cent., also a very moderate reserve, would be nearly 19 millions sterling. Yet, if it were known that there was a gold reserve of not far short of 20 millions sterling held by the Government, and only to be touched in a case of great emergency, it would give a strength to our institutions which cannot easily be exaggerated. It may be objected that the reserve

would be costly. For a Government like our own the cost is too trifling to talk of. But if the cost is to be considered, then all that is necessary to defray that cost and avoid a deficit in the account would be to enlarge the field of investment for the Savings Banks deposits.—*Statist.*

UNITED STATES CURRENCY REQUIREMENTS.

The position in the United States especially requires to be watched. The ease in the value of money in America throughout 1900 was caused chiefly by the large additional issue of bank-notes. Had it not been for this issue America would not have been able to buy so many securities from us by which we settled our trade balance, but would, on the other hand, probably have taken gold. In the current year the additional issue of notes will be small; and as American internal trade is active there may be an increased demand for currency, which this year will have to be met by the gold production of the country and gold imports. Moreover, the trade balance in favour of that country continues very large, the excess of exports over imports for January having been as much as £13,400,000 as against £9,600,000 last year. Further, with the continued ability on the part of America to claim payment for its trade balance in gold or in securities, we have the fact that prices of securities have now risen to a much less attractive level to the buyer, and that, consequently, America may endeavour to take a larger portion of its trade balance this year in gold.—*Statist.*

OUR BANK RESERVES.

International Stocks Better than Gilt-Edged Securities as Investments.

The paper on the "Efficiency of Reserves" read by Mr. Luke Hansard (of Martin's Bank) before the Manchester and District Bankers' Institute has been republished in pamphlet form. The position of Mr. Hansard in the banking world entitles his views to the utmost respect, although one may not always agree with them.

Mr. Hansard discusses the question of reserves under three heads; first, cash in hand and at the Bank of England; secondly, money at call and short notice; and, thirdly, investments. It is practically impossible to separate cash in hand from cash at Bank of England, owing to the banks generally lumping these items together. In case of the provincial banks they sometimes even do not separate it from the cash at call and short notice. Mr. Hansard therefore has had to take his figures from the statements of the London clearing bankers and apply them generally to the United Kingdom. These figures show that on October 20 last the proportion of reserve to deposits under the first head was 16 per cent., under the second head 13·7 per cent., and under investments 21·6 per cent., or a total reserve to deposits of 50·13 per cent.

Dealing with the first description of reserve, Mr. Hansard estimates that about 11 per cent. of deposits is actual cash in hand—that is, Bank of England notes and gold. What proportion of this is actually coin it is impossible to say, but it cannot be very large. Considering the enormous increase in the deposits of the United Kingdom banks during the last twenty years, it is open to question whether this percentage of 16 per cent. is sufficient. It has been estimated that the actual amount of coin and bank notes which it is necessary for a bank to keep in its till is roughly about 3 per cent. of its deposits. Deducting this from the percentage of cash in hand and at Bank of England, there is only 13 per cent. left for emergencies. The chief difficulty in keeping a larger reserve lies in the fact that if more cash reserve is kept dividends will be lessened; and this does not commend itself to shareholders.

Mr. Hansard points out that if it is the duty of a banker to keep adequate legal tender reserve, the Government itself is the greatest sinner by reason of its management of the Post Office Savings Bank. The Office, with £130,000,000 of deposits, keeps absolutely no reserve at all. Of course, it is not suggested that there is any possibility of a panic seizing the depositors; but it is not improbable that during a period of bad trade, or from some national misfortune, producing distress among the working classes, there would be a large withdrawal of deposits. It is quite possible that a drain upon the general banks and the Post Office may be concurrent, and influenced by the same causes, in which case our present cash resources in coin and bank notes are dangerously low.

It is evident that Mr. Hansard has not a high opinion of "money at call and short notice" as a reserve. Such reserve is a loan only. Whether it could be converted into cash depends entirely upon the nature of the securities and other circumstances. The realisation of call loans can only be measured by the ability of debtors to pay. It is of no use taking them by the throat; for it only aggravates the situation. Whether large sums can be called in depends upon the willingness and ability of the Bank of England to advance to the brokers, either by way of loan or discount; for if large sums are called from the brokers, the latter must go to the open market, and, if that fail, to the Bank of England.

It must not be forgotten, however, that there is great reserve of strength in the close relationship between London and the principal foreign financial centres. With Treasury or bankers' bills as security, foreign markets would be quite prepared to take advantage of our high rates. The facilities offered from abroad in times of monetary pressure have greatly increased during the last generation. The telegraph has made an enormous difference in this respect. The ease with which, nowadays, capital can be placed in the most favourable market has considerably equalised rates whenever they have had a tendency to rise, and has materially diminished the risk of panic; for all financial centres are not likely to be affected at the same time.

Dealing with investments as reserve, Mr. Hansard thinks that, in a really serious condition of affairs, requiring sales of Consols,

the market power of absorption would not be of the minimum character so frequently pictured. It would be better, however, to substitute international stocks for other gilt-edged securities. His remarks on this subject are so interesting that we publish them in full:

"In a panic, if it is difficult to sell Consols, it is still more so to sell railway securities and colonial bonds. There is no market abroad for good English railway stocks, which many of the banks hold, nor for colonial bonds, although Paris is a ready taker of English Treasury Bills, and will even lend upon Consol certificates; but my impression is that few bankers hold Government securities in this latter form. In a real panic it would be impossible to sell an appreciable proportion of even the £39,000,000 of general securities held by the London bankers. I have known times of pressure in the Money Market when it was as easy to sell Turkish stocks as Consols, although there can be no kind of comparison as to the relative merits of the securities. The reason of an inferior security like Turkish stocks being so readily saleable is that they have a market in several financial centres in Europe, and you can deal with greater ease in any security that is quoted on several Bourses; for a panic rarely attacks all centres at once. For myself, I have often wondered why bankers do not hold, as part of their investments, international securities, by which I mean securities dealt in on the international Money Markets, instead of generally holding so many purely English securities not taken by foreign bankers abroad. On a close study of the balance-sheets of the different banks, there appears to be small ground for believing that any hold an appreciable amount of securities realisable in foreign markets.

"Judging from balance-sheets, English colonial bonds are not an unfavourable form of investment with English bankers; but in the time of a panic there would be little or no market for these securities, and there is absolutely none for them abroad. I once recommended to a foreign banker that he should invest money in colonial bonds. It is true that this was some years ago; but his reply was: 'My dear sir, your colonies are undefended and unprotected, and in the event of any continental complication of your country with Europe, your colonies would be the first to suffer.' Whether this would now be the case, or not, I leave you to judge. As regards railway stocks, our system of registration and transfers is not understood abroad, as what is appreciated there is some tangible security in the shape of a bearer bond, or even bearer shares. I doubt much whether in panicky times any important amounts of English railway stock or colonial bonds could be sold. It would also appear that municipal securities form some portion of the investments; but, though perfectly good, there is not a very free market for them here, and none abroad."

In considering generally the three kinds of reserve in their application to a drain, it must be remembered that a domestic drain can be satisfied by Bank of England notes; but for a foreign drain gold is necessary. The best means of checking a foreign drain is by raising the rate of interest or discount; but it is not the Bank of England rate of discount, but the market rate, that attracts foreign money and influences exchanges when they are adverse. The Bank rate is of no avail unless the market rate be close up to it. If the London clearing bankers gave more attention and aid to the foreign exchanges, by showing less eagerness to beat down discount rates, the task of the Bank of England in controlling exchanges would be much easier. The maintenance of rates by bankers generally, in so far as they affect exchanges, would do more to relieve a dangerous situation than the keeping an extra percentage of cash.—*Financial News.*

DRAINAGE OF GOLD FROM JAPAN.

The Vice-Consul of France at Kobe states that since the beginning of 1900 the total of imports to Japan has exceeded considerably the exports from the country. During the month of April last, for instance, the imports amounted to 32,827,911 yen against 14,206,252 yen in April, 1899, whilst the exports were 13,556,891 yen, against 12,511,504 yen in April, 1899.

The total of the imports during the first four months of last year reached 111,780,897 yen, against 55,130,950 yen in the previous year, showing an increase of 56,649,947 yen. The exports on the other hand attained to 59,913,947 yen (in 1899 61,887,765 yen), being a decrease of 1,974,818 yen for the months January-May of last year. The imports were higher than the exports by 51,866,950 yen.

A direct consequence of this situation is the enormous increase in the export of specie, which amounted in the first four months of 1900 to 21,174,299 yen, instead of 142,536 yen in the corresponding period of the previous year. The imports of gold and silver into Japan having been 1,021,250 yen, and the exports 21,821,936 yen, the metallic cash of Japan had therefore decreased in April last by 20,800,146 yen.—*Financial News.*

INDIAN TEA TRADE OUTLOOK.

Great anxiety prevails all round in the minds of those interested in tea. The prospects of this industry are just about as bad as can well be imagined, and there does not seem to be much hope of improvement. Agents are doing all they can to cut down expenditure. Young, inexperienced, and cheaper men are being put in to manage gardens in place of older and more highly-paid men; but I fear this is a penny-wise pound-foolish system. The result can only be seen after a few years' experience. In some districts large tracts of old and unprofitable land are being thrown out of cultivation, and I daresay in the course of a few years this will reduce production sufficiently to enable the industry to work out its own salvation. Meantime, however, this is poor consolation for those, and their name is legion, who have locked up their funds in tea shares, and have no prospect of getting any return for years to come.—*Calcutta Correspondent of Financial News.*

PROBABLE DROP IN CEYLON TEA SHIPMENTS.

The well-known firm of Messrs. Forbes and Walker, the largest of the tea brokers in Colombo, estimates that the United Kingdom will not receive this year more than 100,000,000 lb. from Ceylon. This is 13,000,000 lb. less than last year, and with finer plucking in the low country the falling off should be greater. There is no doubt that the yield in 1900 was a bumper one, owing to a continuance of favourable flushing weather, the average yield of 420 lb. per acre jumping up to an average of 440 lb. In their transactions dealers are only guided by facts; they naturally decline to discount the future and take possibilities into consideration. They have, they say, secured at very low prices enough tea to go on with for some months to come, and can therefore afford to wait events. So long as Indian and Ceylon producers adhere to their resolution to curtail the output there is no harm in their taking possibilities into consideration, and I think they will be wise if they keep an open eye on the events that may occur during the next four months in the greatest tea producing country in the world—namely, China—for though consumers in this kingdom are now little interested in supplies from that quarter, the question whether Russia will next season get all the tea she wants is of great importance to the British planter.—*Financial Times.*

INDIAN CURRENCY ARRANGEMENTS.

It is worthy of note that as regards gold imports there is no limit that can be laid down at which it will be possible to prevent sovereigns coming from either London or Australia or gold from other parts of the world. Even if the Government were to adopt the policy that has been so frequently recommended of receiving gold both in London and Australia under the Gold Note Act, and issuing drafts at a rate below the cost at which sovereigns could be laid down, and there is evidence that the Secretary of State may have been influenced by this consideration in accepting tenders for his bills as low as 1-3$\frac{13}{16}$, it might still be possible for gold to come in from other parts of the world, either from Japan or from San Francisco, at rates below even the cost of the last remittance from London or Australia. To completely top up all possible modes of inflow it would therefore appear to be necessary for Government to be prepared to sell their Council drafts at rates which the fluctuations of the price of gold bullion in various markets of the world might depress conceivably to a very much lower point than is generally accepted as an " irreducible " minimum, as regards the value of the rupee, or failing this, they would have to impose so heavy a penalty by increasing the length of the period in which rupees would be paid out against tenders of gold from sixty days to possibly three or four months as to neutralise the effect of any trade movements in the price of bullion. Altogether, then, it would appear that with the currency machinery at present existing, the Government, in order to check the inflow of gold, are in the not very enviable position of having not merely to handle the machinery itself with skill and in a prescribed way, but they also have to be constantly on the *qui vive* to prevent price movements of bullion in distant parts of the world from neutralising the action of their currency machinery. It thus appears that even under the present system there is a great deal of special knowledge requisite, which Government is not in a position to obtain, and the question may well be asked whether, in face of the inherent difficulties of the situation, the risk involved in Mr. Lindsay's scheme would really not have proved the lesser evil. Certain it is that this scheme, being truly and essentially automatic in character, would have obviated many of the disabilities which result from the existing currency arrangements.—*Pioneer Mail.*

INDIAN GOLD CIRCULATION.

Attention was recently drawn by the Hon. Mr. Buckingham to a notice issued at the Sibsagar Treasury office stating that sums of Rs. 200 and upwards would be paid by that office, half in gold and currency notes and half in silver and copper. It seemed strange that in Assam, of all Provinces in India, official efforts should be made to promote the circulation of sovereigns and notes, and we understand that inquiries were at once instituted by the Government of India on the point. As might have been expected, it was found that the Treasury officer had acted without due authority, and the mistake which he had made was promptly corrected. Outside the Presidency towns and a few commercial centres the sovereign is not yet much in evidence, though it sometimes appears at unexpected places on the railways. The globe-trotter can do much to popularise it, as he need not now change all his gold into notes or rupees on his arrival at Bombay. During the summer season also visitors to hill stations might also use sovereigns more freely than they have hitherto done. The coins can be got from the local treasuries and banks which keep a stock in hand. The banks also should try the experiment of pushing the use of gold, as thereby they would save some of the expense connected with the conveyance of rupees to the hills.—*Pioneer Mail.*

THE OCCIDENTALISING OF CHINA.

Liu-Kun-Yi's memorial to the Throne, wherein he suggests the reformation of the likin and the institution of other changes, is progressive enough to put that rash memorialist's head in some danger—not to mention his yellow coats and peacock's feathers, if he happen to be the lucky possessor of such appanages of high rank. Or, rather, the programme might have endangered the memorialist's head and honours in normal circumstances; but the circumstances of Chinese government are so very abnormal just now that Liu may possess his soul in patience and his head in security. In these stirring Celestial times he is more likely to achieve the triumph of getting his proposals accepted; and the Powers are the

guarantee for the safety of his head. We imagine, too, that the Powers will back Liu's programme; for its acceptance and enforcement would make the work of negotiating the indemnity easier, and some of them would tend to promote those extended trade relations with the world outside China which form the chief permanent interest in China to men who are not missionaries. The likin is the trader's great stumbling-block. As our readers know, it is a sort of octroi duty collected by local mandarins upon goods in transit through their provinces, with the result to the customer of a seriously enhanced price for his merchandise, to the trader, consequently, of an adverse factor against extending his trade, to the Government of an accession of revenue (but sadly disproportionate to the amount of the likin), and to the mandarin who collects the tax of a notable increase in "perquisites." Liu-Kun-Yi would have all likin stations in the interior abolished, and the likin upon foreign imports collected by the Imperial Maritime Customs (the only body, apparently, which can be trusted to hand over what it receives). He also wants a trade commissioner established in an office at Shanghai, for the purpose of fostering foreign trade; he would have mints established, and a standard dollar coined in them; and he would have an increased Customs tariff. The last he will certainly get: the exigencies of the indemnity make that a foregone conclusion. But we are not quite certain as to the relation between this last proposal and the first. As we incline to understand it, if likin—which surely ceases to be likin when it is collected at the Customs ports—be so collected, it becomes practically merged in the import duties. This, of course, will be a good thing; but if, as seems certain, the tariff proper is to be raised as well, traders must be prepared to see a big amount added to the price of their goods before they leave the hands of the Maritime Customs officers. It must also be remembered that likin is collected upon goods of Chinese as well as of foreign production. There will therefore have to be some new source of taxation found, to supply the revenue lost by the abolition of the likin stations, and to furnish the guarantee for the service of the 1898 Loan, which was partially secured upon the likin.

It does not seem quite certain that traders in China, and their spokesmen in the Press and upon platforms, fully realise this necessity of retaining likin, or finding an efficient substitute. For example, Mr. Whitehead, a Member of the Hong Kong Legislative Council, told the Royal Colonial Institute that before a larger tariff than the present can be permitted to China likin and all inland taxation upon merchandise must go, and that an increase in the Customs duties must only be allowed by the Powers as a *quid pro quo* for the abolition of all internal dues. But the import duties will have to be raised in order to find the money for the indemnity; and if they are, in addition, to recoup the Imperial and Provincial Governments for the loss of revenue owing to the abolition of likin, they will have to be raised to a point which may easily check trade. Such an outcome would quite possibly, in respect to some industries, accelerate the day when European and Chinese capitalists (for there are Chinese capitalists, it should be remembered) will put up local factories, and there manufacture for themselves, and sell the goods below the prices of foreign goods *plus* the heavy duties. And that, we gather, is not at all what traders would regard as a promising prospect. This possibility is not borne in mind half enough by the traders and politicians and publicists who are so keen upon "opening-up" the Chinese Empire. Yet it is a possibility which will be translated into a certainty when China becomes opened up in earnest. These 450,000,000 of souls, mostly industrious coolies, who are ready to work long hours for wages that wouldn't keep a British working-man in beer, will be less a market for the cheap goods of other nations than a source of deadly competition with those other nations. When, therefore, we hear such statements as those of Mr. Whitehead, telling us that the markets of the Chinese Empire, many of which in the interior are not yet even tapped, provide an outlet large enough for the whole world's surplus products, and that British commercial interests in the Far East may be regarded as only in their infancy compared with the dimensions they may assume during the next decade, we are forced to mingle our enthusiasm with scepticism, and even anxiety, concerning the real eventual outcome of the occidentalising of China.—*Financial News.*

JAPANESE IMPORTS AND EXPORTS.

The official declared value of the exports from Japan during 1900 is given as 198,753,827 yen, showing a decrease of 15,301,155 yen as against the total for 1899. The value of the imports, on the other hand, is given as 282,403,639 yen, and shows an increase of 62,505,172 yen as against 1899. Considering this very large balance of trade against a country like Japan, it is not surprising to find that a very serious drain of gold was being experienced. The declared value of the exports of the yellow metal was 83,649,812 yen, showing an increase of no less than 42,280,617 yen as against 1899. The declared value of the imports of gold was only 8,822,328 yen, or 11,256,428 yen less than in 1899. The stocks of imported goods in the open ports of Japan at the end of the year were said to amount to upwards of 40,000,000 yen in value, of which 20,000,000 yen was held in Yokohama.—*Manchester Guardian.*

UNITED STATES TRADE BALANCES.

As we have previously indicated, one of the most striking features in the foreign trade of the United States last year was the unprecedented magnitude of the apparent balance to the credit of the United States on the import and export movements of merchandise. Although new silver is demonetised in the United States, it is still not included in the merchandise statements, because even in the uncoined form it is still practically money in some countries, Mexico and China, for instance. Indeed, even in this country silver is still treated as "treasure" in the official trade

returns, although copper is treated as merchandise. As we pointed out yesterday, the apparent balance to the credit of the United States on merchandise account last year was $648,998,738, or, say, in round figures, £130,000,000. The following table shows the position for each of the past four calendar years, including the net treasure movements —that is, the balances, one way or the other, of the imports and exports of the two precious metals:

Yearly Trade Balances.

Excess of—	1900. $	1899. $	1898. $	1897. $
Merchan. exports ...	648,998,738	476,500,561	620,581,818	357,113,816
Silver exports	26,461,170	22,617,808	24,665,724	25,578,990
Total	675,469,908	499,118,369	645,247,542	382,692,806
Gold imports.........	12,603,402	5,955.553	141,968,998	*253,589
Grand total	662,856,506	493,162,816	503,278,544	382,946,395

* Excess of exports.

To make the statement perfectly clear we may explain in full that the gold movement for 1897 showed a net exportation of the metal, while in the other years included in the table there was a net importation of gold. It will be seen that, even including what might be supposed to be, at least, the partial adjustments effected by the treasure movements, there was last year a balance to the credit of the United States of $662,856,506, or say £132,600,000 in round figures—that is, a credit balance even greater than the merchandise balance exclusive of treasure. This result shows an increase of $169,693,690, or say £34,000,000 in round figures, as against the combined credit balance of 1899, and an increase of $203,060,588, or say £40,600,000 in round figures, as against the average credit balance of the three years 1897 to 1899. Taking the past five years together, the exchanges of merchandise and treasure have shown in the aggregate an apparent balance to the credit of the United States of no less than $2,353,804,578, or say £470,000,000 in round figures.

Commenting on the above really very remarkable figures, the New York *Commercial and Financial Chronicle* says: "Hardly less noteworthy than the magnitude of this favourable balance is the fact that in face of it we were exporting gold most of the year, and that for the twelve months together the net import of gold has been only $12,603,402. In 1898, on a trade balance of 620 million dollars, our net gold imports were almost 142 million dollars. To be sure, some large foreign loans were placed here in 1900, more particularly on British, German, and Russian account; then, also, a steady stream of foreign-owned American securities came this way during the year, and in the closing months the sales here on foreign account, induced by the high prices attained in our stock market, were very heavy indeed; furthermore, the fact that money abroad commanded better interest rates than in this country led to the loaning of considerable American capital in the foreign markets. Besides this, we are obliged each year to remit a large sum for freights and for interest and profits earned upon foreign investments in this country. Nevertheless, it seems a question whether all these combined are sufficient to account for the whole of such an enormous balance." We must not, of course, forget the travel account in a year characterised by the Paris Exhibition and the Ober-Ammergau celebration, both of which attracted large numbers of Americans, or the American foreign residence account.—*Manchester Guardian.*

THE INDEBTEDNESS OF THE UNITED STATES.

In connection with the question of the balance of trade the indebtedness of the United States to investors in other countries is interesting and important. A contributor to the American *Yale Review* (Mr. N. T. Bacon) has been making investigations amongst bankers and dealers in securities in European financial centres, and has compiled estimates. He gives the following statement of the position as it was a year ago:

The United States owed to—

England	$2,500,000,000
Holland	240,000,000
Germany	200.000,000
Switzerland	75,000,000
France	50,000,000
Belgium	20,000,000
Other Europe	15,000,000
Cuba	30,000,000
Other American and Chinese	15,000,000
Cash surrender value of life insurance	185,000,000
	$3,330,000,000

Owed to the United States—

Europe	$10,000,000
Canada	150,000,000
Mexico	185,000,000
Cuba	50,000,000
Other Antilles	10,000,000
Latin America	45,000,0 0
Pacific, China, Japan	5,000,000
Life insurance guarantee investments	45,000,000
	$500,000,000

It will be seen from these tables that while the United States owed to foreign countries on capital account $3,330,000,000, or, say, £666,000,000, other countries owed to the United States $500,000,000, or, say, £100,000,000. The net indebtedness of the United States was therefore $2,830,000,000, or, say, £566,000,000. The annual amount of interest due on this sum is estimated by the same

authority at $90,000,000, which is equivalent to about 3·2 per cent. The credits obtained by American travellers abroad he puts at $50,000,000, or, say, £10,000,000, and he adds that about $10,000,000, or £2,000,000 per annum has been taken by American permanent residents abroad for twenty years past. This brings the annual charge against the United States for interest, expenses of travellers, and drawings by American residents abroad to $150,000,000, or, say, £30,000,000, as a set-off against the annual balance to the credit of the United States from the merchandise exchanges. In any case Mr. Bacon thinks that $200,000,000, or £40,000,000, would fully cover these demands. It seems, however, to be admitted that the United States bought back large quantities of their securities last year, the consequence of which would of course be a considerable reduction of American indebtedness abroad and of the amount payable by the United States to other countries for interest and dividends. On the other hand, these securities were probably resold to the United States at a considerable profit, and in many cases, owing to the prosperity of the States, the dividends paid on securities still held outside the United States were increased.—*Manchester Guardian.*

LAST YEAR'S AUSTRALIAN GOLD YIELD.

As expected, the total Australasian gold yield for 1900 showed a considerable decline. The totals of the individual colonies are as follow:

	1899. oz.	1900. oz.	Decrease. oz.
Victoria	854,500	807,407	
Westralia	1,643,876	1,580,949	
Queensland	946,771	951,065	
N. S. Wales	493,196	345,650	
Tasmania	83,992	89,000	
S Australia	32,990	29,397	
New Zealand	389,558	371,993	
Total	4,447,883	4,175,461	272,422

The picking of the eyes out of the Westralian mines is responsible for the decrease there; in Victoria the improved wages offered in other industries have drawn many from mining and led to a decline in output, while the burst of the temporary dredging boom and bad weather account for the New South Wales drop. The exports of gold during 1900 excel those of 1899 by £1,942,000, the total being £12,457,000. As regards the operations of the Mints the following comparison is taken from official records just issued:

RECEIPTS.

Branch.	1898. oz.	1899. oz.	1900. oz.
Melbourne	1,555,996	1,513,601	1,146,071
Sydney	719,965	948,743	1,044,517
Perth	—	209,418	581,200
Total	2,2?5,961	2,671,762	2,771,788

ISSUES.

	£	£	£
Melbourne	5,815,610	5,835,269	4,484,654
Sydney	2,618,210	3,372,445	3,731,738
Perth	—	690,990	1,945,077
Total	8,433,820	9,898,704	10,161,469

By far the greater proportion of the yield now comes through the local Mints, and each year shows an increase.—*Financial Times.*

AMERICAN GOLD PRODUCTION.

Mr. J. J. Valentine, the president of Wells, Fargo, and Co., has just issued his annual estimate of the production of gold, silver, copper, and lead in the States and territories west of the Missouri River, including British Columbia and Yukon territory, for the year 1900. Mr. Valentine's estimates have now been published for over 30 years, and they have been so correct that they hold a high place in the estimation of all who pay attention to such questions. The total gold production is estimated at $75,756,173. So late as 1896 the total was but little over 53 million dollars. In 1895 it did not quite reach 48½ million dollars. And in 1894 it was under 45¾ million dollars. So that within the past five or six years the production of gold in these States and territories has increased by considerably over 50 per cent. Colorado is now by far the largest producer of any part of the United States. The total production last year of gold dust and bullion for that State alone is estimated at $27,175,000. It will be recollected that it is not fine gold that is here meant. British Columbia and Yukon territory are estimated to have given $23,314,560, also of gold dust and bullion, not fine gold. California comes only third with $12,383,269; and the outturn of other States and territories individually was comparatively small. The Mexican production of gold is estimated at $9,750,000. So that the total production of the United States, Canada, and Mexico is estimated for the year at about $85,506,173, or somewhat over 17 millions sterling. Mr. Valentine warns us that his estimates do not pretend to accuracy, because of constantly increasing facilities for transporting bullion, ores, and base metals from the mines by other means than through his Express. And naturally, he adds, it is difficult to get entirely reliable data from private sources. Still, Mr. Valentine has been so nearly correct in the past that his figures may be taken as virtually near enough for practical purposes.—*Statist.*

GOLD STOCKS IN THE STATES.

Alleged Exaggeration of 125 Million Dollars.

Statistical students and financial experts in this country are deeply interested in the investigations now being conducted by Mr. L. Muhleman, Assistant Sub-Treasurer at New York, into the amount of the gold stock of the United States. Mr. Muhleman has not, as yet, made public the results of his researches, which are to be embodied in a special report to the Director of the Mint, to appear some time during the approaching spring or summer. Those persons, however, who have been unable to keep privately in touch with Mr. Muhleman's work have been forced to the conclusion that the present official Government estimates of the United States gold supply are grossly excessive.

The annual report of the Director of the Mint, placed the stock of gold in the United States on December 1, 1900, at $1,020,200,000. In

the opinion of Mr. Muhleman, this estimate represents an exaggeration of fully $125,000,000. And despite the fact that the figures of this report of the Director of the Mint have been been spread broadcast throughout the world, have been generally accepted as authoritative, and have caused in this country much editorial spreading of the eagle's wings, yet the Director of the Mint, Mr. George H. Roberts, in reply to a question addressed to him by your correspondent relative to Mr. Muhleman's investigation, has conceded that his this year's figures of the United States gold stock are excessive. Mr. Roberts, it seems, has not yet thoroughly studied the results of Mr. Muhleman's work, but, nevertheless, has become acquainted with enough of it to be convinced that present official figures of the United States Mint show a much larger stock of gold than actually exists in this country. He is not yet willing to believe that Mr. Muhleman can be right in placing the error in the estimate at so high a figure as $125,000,000, but he admits, however, that he is now willing to put it at $50,000,000, though no official hint of this did he give in the report. Mr. Roberts expects to devote considerable time and attention to the subject during the next few months, and in his next annual report he will reduce the gold stock figure to whatever shall appear to him to be correct.

* * *

The researches of Mr. Muhleman were specially prompted by an article written by Roland P. Falkner, Associate Professor of Statistics of the University of Pennsylvania, which appeared in the *Forum* of August, 1899, being entitled "Have We Sufficient Gold in Circulation?"

* * *

Professor Falkner, assuming that bank deposits are a fair sample of money used in actual payments, worked up an interesting series of deductions from the amounts of different kinds of deposits as ascertained from the returns to the Comptroller. There was, of course, a great preponderance of credit instruments; but of the cash deposits, to which Mr. Falkner's interest was confined, only $8\frac{3}{10}$ per cent. was gold coin, the proportion of silver coin being $7\frac{3}{10}$ per cent., and of paper currency $84\frac{4}{10}$ per cent. Between the proportion of 25 per cent. gold in cash, as computed from the Mint estimate, and this proportion of $8\frac{3}{10}$ per cent. figured from the deposits, the variance was, of course, highly suggestive.

* * *

Mr. Muhleman, however, who had the official means at his disposal for investigating the sources of error, if any, in the Mint figures, was deeply impressed by Professor Falkner's remark that "It is humiliating to think that the strength of our monetary situation is based not upon demonstrable facts, but on elusive estimates, which cannot be substantiated." He felt assured that the existing stock in 1873, at which date the estimates began, was calculated with reasonable correctness, the known elements being the Treasury holdings and the holdings of the National Banks, which left as conjectural in the aggregate estimate of $128,389,864 only an allowance of $30,000,000 for the gold circulation of the Pacific coast and private hoards. He directed his investigations, therefore, into the additions to the gold stock since 1873, and considered carefully every feature and record of annual coinage and importation of foreign coin and the amounts deducted for recoinages, exportation of domestic coin and industrial consumption of gold coin. His researches have now covered every year from 1873 up to 1898, the errors at this later date, most of which he appears to have positively located, amounting to $125,000,000 excess.

* * *

The mistakes were mostly found in a duplication of the figures for foreign coin imported and then again recoined into United States money. The most rapid growth of the error was in the several years subsequent to 1878, when, on the resumption of specie payments, there was unusual prosperity and heavy importations of foreign coin, which on arrival was statistically registered, and then again registered when recoined into United States money. Professor Falkner had suggested that the error might have occurred by making insufficient allowance for personal exportations of coin by American travellers, but Mr. Muhleman has shown the mistake to be far more flagrant in character. In his work Mr. Muhleman has received some invaluable co-operation from foreign financial authorities. In England Sir Robert Giffen and several other eminent financial writers have been in close correspondence with Mr. Muhleman, and have been greatly interested in and surprised with his results. The heavy recent *bona fide* increases in the gold stock of the United States (which, in fact, have about doubled since 1896) prevent the facts shown by discovery of this error from having any present unfortunate significance, although in 1896 a reduction of $125,000,000 in the official estimate of the gold stock might naturally have alarmed many sensible people and made them receptive victims of the "cross of gold—crown of thorns" orator's statement that the plutocrats had the gold cornered. Deducting $125,000,000 from this year's Mint's figures of $1,020,000,000 would leave $895,000,000, and at this reduced figure the United States would still surpass other nations in gold stock, as France, the next nation, has by this year's figures $810,600,000 and Great Britain only $486,700,000.
—*Financial Times.*

WHERE AMERICA'S FAVOURABLE TRADE BALANCE GOES.

In the interesting communication made by Mr. Lyman J. Gage, Secretary of the United States Treasury, to the "Annual Financial Review" of the *New York Times*, we find the following guess at the way the money goes. Last year the value of the United States exports exceeded that of imports by $640,000,000, and the question was, what became of that money? How do the American people dispose of this

surplus, or receive it? They did not last year import bullion, but, on the contrary, sent a little out of the country on balance. Where, then, did the favourable balance go? Mr. Gage is not dogmatic at all, and can only guess. It has been impossible, he said, to obtain statistics of the amount returned to the country in securities taken home against the indebtedness of other countries to the American people. Business houses who might give the information have displayed some hesitation about it, and, therefore, all Mr. Gage can offer is a calculation, largely conjectural, that $200,000,000, or £40,000,000, may represent the value of securities bought and brought home last year. Then American tourists are estimated to have taken abroad another $100,000,000 to pay expenses of travel. Still another $100,000,000 is estimated to have been employed in paying the interest on American securities held abroad, and new investments in the shape of loans to Great Britain, Germany, and other foreign countries are assumed to represent yet another $100,000,000. Adding $100,000,000 representing freights paid by the States to the ocean-going shipping of other countries, this gives $600,000,000 altogether, leaving only $40,000,000 to be accounted for. As regards this balance, a suggestion, Mr. Gage said, has been made that Americans had carried on credits abroad for the purpose of meeting obligations for goods ordered, and this amount has been put also at $100,000,000, so that all these items added together exceed the statistically favourable trade balance by $60,000,000, or £12,000,000, a thing easily possible, seeing that new surpluses in favour of the Union continually accrue. We give the figures as they are offered, and cannot pronounce upon their probability; but whether exact or not in each item, reasonableness lies behind the suggestions, and the American people are still taking home their securities. That is to us the most important fact of all, because in proportion as this is done our purchasing power diminishes. We can only pay for the excess of our imports over exports by the earnings of our splendid mercantile marine—a marine, by the way, that, as Mr. Frank T. Bullen painfully shows in his book, "The Men of the Merchant Service," we are allowing to go to ruin by our indifference and neglect—and by the interest or dividends earned upon our capital invested abroad. Diminish either or both these sources of revenue, and, perforce, we must reduce our purchases of foreign commodities. From this point of view the rampantly prosperous aspect of United States foreign trade is somewhat ominous.—*Investors' Review.*

STATISTICS.

Mr. SAUERBECK'S INDEX NUMBERS.

(To which is added the annual average price of silver in London.)

Years.	Index-number of 45 principal Commodities.	Index-number of Silver. 100=60·84d.	Annual average price of Silver in London.
			d.
1867-77	100	100	—
1874	102	95·8	58 5/16
1875	96	93·3	56 3/4
1876	95	86·7	52 3/4
1877	94	90·2	54 7/8
1878	87	86·4	52 9/16
1879	83	84·2	51 1/4
1880	88	85·9	52 1/4
1881	85	85·0	51 11/16
1882	84	84·9	51 5/8
1883	82	83·1	50 9/16
1884	76	83·3	50 11/16
1885	72	79·9	48 5/8
1886	69	74·3	45 3/8
1887	68	73·0	44 5/8
1888	70	70·4	42 7/8
1889	72	70·2	42 11/16
1890	72	78·4	47 11/16
1891	72	74·1	45 1/16
1892	68	65·4	39 13/16
1893	68	58·6	35 5/8
1894	63	47·6	28 15/16
1895	62	49·1	29 7/8
1896	61	50·5	30 3/4
1897	62	45·3	27 9/16
1898	64	44·3	26 15/16
1899	68	45·1	27 7/16
1900	75	46·4	28 1/4
Dec. 1900	73·4	48·6	29 3/16
Jan. 1901	72·2	45·8	27 1/8

GOLD & SILVER IMPORTS & EXPORTS

United Kingdom.—Gold.

Year.	Imports.	Exports.	Net Imports and Exports.
	£	£	£
1870	18,806,728	10,013,521	+ 8,793,207
1871	21,618,924	20,698,275	+ 924,649
1872	18,469,442	19,748,916	— 1,279,474
1873	20,611,165	19,071,220	+ 1,539,945
1874	18,081,019	10,641,636	+ 7,439,288
1875	23,140,834	18,648,296	+ 4,492,538
1876	23,475,975	16,515,748	+ 6,960,227
1877	15,441,985	20,361,386	— 4,919,401
1878	20,871,410	14,968,507	+ 5,902,903
1879	13,368,675	17,578,818	— 4,210,143
1880	9,454,861	11,828,822	— 2,373,961
1881	9,963,006	15,498,837	— 5,535,831
1882	14,376,559	12,023,804	+ 2,352,755
1883	7,755,800	7,091,365	+ 664,435
1884	10,744,408	12,012,839	— 1,268,431
1885	12,576,561	11,930,818	+ 645,743
1886	12,950,846	13,783,706	— 832,860
1887	9,955,326	9,323,614	+ 631,712
1888	15,787,588	14,944,143	+ 843,445
1889	17,914,039	14,455,318	+ 3,458,721
1890	23,568,049	14,306,688	+ 9,261,361
1891	30,275,620	24,167,925	+ 6,107,695
1892	21,583,232	14,832,122	+ 6,751,110
1893	24,834,727	19,502,273	+ 5,332,454
1894	27,580,926	15,647,551	+11,933,375
1895	36,006,038	21,269,323	+14,736,715
1896	24,468,337	30,123,925	— 5,655,588
1897	30,808,858	30,808,571	+ 287
1898	43,721,460	36,590,050	+ 7,131,410
1899	32,533,497	21,536,052	+10,997,445
Dec.1900	1,204,323	2,549,129	— 1,344,806
1900	26,190,873	18,397,459	+ 7,793,414
Jan.1901	1,766,598	1,670,260	+ 96,338

Silver.

Year.	* Imports.	Exports.	Net Imports and Exports.
	£	£	£
1870	10,648,940	8,906,169	+ 1,742,771
1871	16,521,903	13,062,396	+ 3,459,507
1872	11,138,570	10,586,945	+ 551,625
1873	12,988,066	9,828,065	+ 3,160,001
1874	12,298,169	12,211,957	+ 86,212
1875	10,123,955	8,979,746	+ 1,144,209
1876	13,578,269	12,948,334	+ 629,935
1877	21,710,814	19,436,733	+ 2,274,081
1878	11,551,545	1,718,039	— 166,494
1879	10,786,863	11,006,094	— 219,231
1880	6,799,022	7,060,681	— 261,659
1881	6,901,402	7,003,982	— 102,580
1882	9,242,925	8,965,454	+ 277,471
1883	9,468,002	9,322,846	+ 145,156
1884	9,633,495	9,986,383	— 352,888
1885	9,433,605	9,852,287	— 418,682
1886	7,471,639	7,223,699	+ 247,940
1887	7,819,438	7,807,404	+ 12,034
1888	6,213,940	7,615,428	— 1,401,488
1889	9,185,400	10,666,312	— 1,480,912
1890	10,385,659	10,863,384	— 477,725
1891	9,315,598	13,060,866	— 3,745,268
1892	10,746,382	14,078,568	— 3,332,186
1893	11,913,395	13,589,745	— 1,676,350

Silver.—*continued.*

Year.	*Imports.	Exports.	Net Imports and Exports
	£	£	£
1894	11,005,507	12,171,449	— 1,165,942
1895	10,669,682	10,367,436	+ 302,246
1896	14,329,116	15,048,134	— 719,018
1897	18,032,091	18,780,988	— 648,897
1898	14,677,799	15,623,651	— 945,852
1899	12,727,989	13,955,132	— 1,227,143
Dec.1900	1,451,107	1,355,111	— 95,996
1900	13,322,300	13,574,580	+ 252,280
Jan.1901	1,110,427	1,407,701	— 297,274

A + sign signifies a net import, a — sign a net export.

* The imports of silver do not include silver imported in ores.

IMPORTS (LESS RE-EXPORTS OF FOREIGN AND COLONIAL PRODUCE) AND EXPORTS OF BRITISH AND IRISH PRODUCE.

United Kingdom.

Year.	Imports.	Exports.	Total Trade.
	£	£	£
1870	258,763,738	199,586,322	458,350,060
1871	270,506,942	223,066,162	493,573,104
1872	296,362,137	256,257,347	552,619,484
1873	315,447,210	255,164,603	570,611,813
1874	311,990,358	239,558,121	551,548,479
1875	315,793,217	223,465,963	539,259,180
1876	319,017,305	200,639,204	519,656,509
1877	340,966,727	198,893,065	539,859,792
1878	316,135,798	192,848,914	508,984,712
1879	305,740,269	191,531,758	497,272,027
1880	347,875,545	223,060,446	570,935,991
1881	333,962,392	234,022,678	567,985,070
1882	347,826,056	241,467,162	589,293,218
1883	361,253,982	239,799,473	601,053,455
1884	327,076,228	233,025,242	560,101,470
1885	312,608,761	213,115,114	525,723,875
1886	293,629,209	212,725,200	506,354,409
1887	302,878,589	221,913,910	524,792,499
1888	323,593,114	234,534,912	558,128,026
1889	360,980,111	248,935,195	609,915,306
1890	355,970,464	263,530,585	619,501,049
1891	373,562,696	247,235,150	620,797,846
1892	359,230,769	227,077,053	586,307,822
1893	345,644,773	218,094,865	563,739,638
1894	340,539,234	216,194,239	556,733,073
1895	356,716,867	226,169,174	582,886,441
1896	385,340,870	239,922,209	625,263,079
1897	391,405,006	234,350,003	625,755,009
1898	409,984,999	233,390,792	643,375,791
1899	420,055,965	264,660,647	684,716,612
Dec.1900	41,359,442	23,611,972	64,971,414
1900	460,534,198	291,451,306	751,985,504
Jan.1901	40,936,209	24,753,531	65,689,740

Note.—The value of new ships (not registered as British) was not recorded in the export figures prior to 1899.

Publications to be obtained Free on application to the Bimetallic League, 5, Cross Street, Manchester; 10, Walbrook, London, E.C.; and 50, Lower Sackville Street, Dublin.

"Misconceptions in Regard to the Bimetallic Policy of a Fixed Ratio." By Prof. H. S. Foxwell, M.A.

Deputation to the Most Noble the Marquis of Salisbury, K.G., Prime Minister; to the Right Hon. G. J. Goschen, M.P., Chancellor of the Exchequer; and to the Right Hon. A. J. Balfour, M.P., First Lord of the Treasury, Wednesday, May 11th, 1892.

Proceedings of Manchester Conference, April, 1888.

"The Joint Standard Consistent with Sound Political Economy." By Prof. J. S. Nicholson, M.A., D.Sc.

Speech in the House of Commons, June 4th, 1889. By Right Hon. Henry Chaplin, M.P.

Speech in the House of Commons, June 4th, 1889. By Samuel Smith, M.P.

Proceedings at the Annual Meeting of the Bimetallic League, January, 1893.

Proceedings at the Annual Meeting of the Bimetallic League, February, 1894.

Proceedings at the Annual Meeting of the Bimetallic League, April, 1895.

"Bimetallism, or Currency Reform." By J. H. Howell.

"The Currency Question Practically Considered." By W. E. Dorrington.

"The Silver Question in Relation to Wages." By J. C. Fielden.

Senator E. O. Wolcott's Statement in the United States Senate on the International Bimetallic Negotiations, January 17, 1898.

"Appreciation of Gold and its Probable Effects on Investments." By A. G. Ellis.

"Land and Money." Leaflet by the Right Hon. Henry Chaplin, M.P.

"The Real Cause of Agricultural Distress." Leaflet by R. Lacey Everett.

"Agriculture and the Currency." By W. E. Bear.

"The Prices of Commodities, with special reference to Trade Depression and Bimetallism. A reply to Mr. Shaw-Lefevre, M.P." By Sir William H. Houldsworth, Bart., M.P.

"Law of Bimetallism." By T. E. Powell.

"The Future of the Cotton Trade." By Sir Wm. H. Houldsworth, Bart., M.P.

Synopsis, Gold and Silver Commission. By Geo. Howell.

"What is Bimetallism?" Explanatory Leaflet (for beginners).

"The Pro's and Con's of Bimetallism." Leaflet by the Hon. Evelyn Hubbard, M.P.

Senator W. E. Chandler's Speech in the United States Senate, February 16, 1897.

Address on International Bimetallism at the London Institution. By Hon. Herbert C. Gibbs.

"The Fall in the Gold Price of Silver, and the Closing of the French Mints." By Lord Aldenham.

"How Bimetallism will Affect the Working Classes." By J. H. Howell.

"Bimetallism in Relation to Agricultural Depression." By the Right Hon. Henry Chaplin, M.P.

"A Criticism of Lord Farrer on the Monetary Standard." By Prof. H. S. Foxwell, M.A.

"A Criticism of Mr. H. D. Macleod's 'Bimetallism.'" By T. E. Powell.

"The Critical Position of British Trade with Oriental Countries." By T. H. Whitehead.

"Prices and Production." Leaflet. By Sir Guilford Molesworth, K.C.I.E.

"Twelve Reasons Why Working Men Should Support Bimetallism." Leaflet.

"Course of Average Prices of General Commodities in England." Chart. By A. Sauerbeck.

"Is it wise to Restrict Our Standard of Value to Gold Alone?" By H. S. Foster, M.P.

"British Industries and International Bimetallism." By the Right Hon. A. J. Balfour, M.P.

Speech in the House of Commons, February, 1893. By Sir H. Meysey-Thompson, Bart., M.P.

Address by Sir H. Meysey-Thompson, Bart., M.P., at the Bimetallic Conference, Manchester, 1888.

"British Industries and Eastern Competition." By R. S. Gundry

Printed by the ARGUS PRINTING COMPANY, LIMITED, Tudor Street and Temple Avenue, London, E.C.